

Yeltsin Is Treated For Heart Problem

By Francis X. Clines

New York Times Service

MOSCOW — Boris N. Yeltsin, the high-ranking Soviet official purged from office last week, has been hospitalized with heart trouble and has not attempted suicide, the government said Tuesday.

Denying rumors of his demise, the Foreign Ministry said Mr. Yeltsin, the former Moscow Communist Party chief and a nonvoting member of the ruling Politburo, was "not well" and had been "in the hospital for a number of days."

"But he is still alive," a ministry spokesman said, answering questions from foreign correspondents about the many rumors circulating about the fate of Mr. Yeltsin, a former close associate of the Soviet leader, Mikhail S. Gorbachev.

"I don't think the state of his health gives us any reason for concern," the spokesman said. He gave no other details beyond making a distinction between a heart attack and the trouble that he said was Mr. Yeltsin's problem.

He was dismissed as the Moscow party chief on Wednesday when Mr. Gorbachev led denunciations of him for mismanagement and "political immaturity."

Mr. Yeltsin's colleagues had turned against him following a speech he made last month criticizing the pace of reform and asserting that Mr. Gorbachev's economic restructuring program "was giving virtually nothing to the people."

The next expected step in Mr. Yeltsin's fall, his removal from the Politburo, appeared to be signaled

in the official obituary for Piatras Grishkiavichius, the Lithuanian Communist leader. Mr. Yeltsin was not included in the traditional list of ranking Soviet signatories.

■ **Pravda Asserts Party Role**
Earlier, Gary Lee of The Washington Post reported from Moscow: The Communist Party daily Pravda has reasserted the primacy of party control and attacked efforts to augment democratic processes in Soviet society.

An article Monday mocked some of the experiments in electing factory managers across the Soviet Union and criticized other methods that Mr. Gorbachev has advocated for expanding Soviet democracy, including multicandidate elections. It underscored a view among some intellectuals that there has been a conservative backlash against Mr. Gorbachev's reforms following the dismissal of Mr. Yeltsin.

"Playing at democracy may result in catastrophe," the paper warned. "It is often forgotten that discipline means obligatory submission by everybody to the established order and rules."

Pravda made it clear that the party was not abandoning its traditional role of recommending candidates who are subsequently endorsed by voters.

The Communist Party "is a ruling party," Pravda said. "Its leading role is fixed by the constitution. That is why the party committees have the right to openly express their opinion on the recommended people to this or that post."



DISABLED DISPERSED — A one-armed protester struggled with Madrid policemen as they moved in Tuesday to break up a demonstration of about 7,000 handicapped lottery ticket-sellers from all over Spain against the closure of the business that employs them. The lottery's owners are suspected by Spanish officials of mismanaging its funds.

Japan Risks Retaliatory U.S. Tariffs, Verity Warns

Compiled by Our Staff From Dispatches

WASHINGTON — Commerce Secretary C. William Verity, while leaving Tuesday for a visit to Tokyo, said Japanese manufacturers risked the imposition of U.S. retaliatory tariffs by failing to price their products in line with the yen's appreciation against the dollar.

Mr. Verity said he would exert new pressure on Japan to open its markets to U.S. semiconductors, and to lighten its controls on exports to Communist countries.

He said he would also press Japan again to change its policy and open the \$3 billion Kansai airport, near Osaka, and other construction projects to U.S. firms. But he said

he doubted there would be any change in Japanese policy, which has excluded foreign companies from significant participation in the project.

The White House is already weighing trade curbs against Japan for its refusal to open construction projects to U.S. firms.

Mr. Verity made his remarks to the Chamber of Commerce before leaving on the trip. He is the first U.S. cabinet official to visit Japan since Prime Minister Noboru Takeshita took office two weeks ago.

He said the huge U.S. trade deficit with Japan could not continue and that either Congress would attempt to pass restrictive trade legislation or the financial markets

would act to further lower the value of the dollar. A weak dollar makes imports more costly to Americans.

"I am a great admirer of the marketplace, but I am mindful of the fact that the invisible hand under these circumstances could inflict a great deal of unnecessary pain in correcting the trade deficit for us," Mr. Verity said.

He accused Japan of distorting world markets in its pricing practices. "By failing to price in line with the appreciated yen, Japanese firms are impeding the power of currency adjustments to help correct our trade imbalance," Mr. Verity said.

The dollar has fallen more than

40 percent against the Japanese yen since mid-1985.

Yet, Mr. Verity said, Japanese companies have not increased the prices of their products to Americans, preferring instead to take smaller profits to maintain their share of U.S. markets.

By failing to raise prices to match the devalued dollar, Japanese companies are in effect dumping a wide range of products in the United States, Mr. Verity suggested. "They are running the increased risk that additional anti-dumping cases will be brought against them in response," he said.

Dumping is the deliberate pricing of products by one country in

another's markets at below fair value. Illegal under U.S. trade laws, dumping can provoke retaliatory tariffs designed to equal to the margin by which the imports have been underpriced.

In the past, the United States has accused Japanese firms of dumping computer chips and color televisions, among other products.

Mr. Verity will be in Tokyo through Saturday. It is his first trip out of the country since he was sworn in as commerce secretary last month.

(AP, Reuters)

■ **Japanese Resistance Rises**

Japan's ruling party is urging Japanese negotiators in Washington to resist U.S. demands for the lifting of trade restrictions on farm products, a party leader said Tuesday. United Press International reported from Tokyo.

"The United States is trampling on the good will of Japan," said Sadanori Yamataka, a leading member of the Liberal Democratic Party. He said if Japan gives into the U.S. demands, certain sectors of the Japanese farm economy would die.

"If the United States is going to ask Japan to be at its service that is wrong," he said at a news conference. "We are not servants of the United States."

Japanese and U.S. representatives are negotiating the end of Japanese trade restrictions on 12 agricultural products.

The General Agreement on Tariffs and Trade in Geneva, which regulates international trade, has determined that Japan is in violation of free trade principles on 10 of the 12 agricultural products, including tomato juice and processed cheese, Mr. Yamataka said.

Nevertheless, most Liberal Democrats in the Japanese Diet, or parliament, signed a letter calling for the continuation of the trade restrictions "for the future of Japan's agriculture" and to "avoid potential threats to our nation's independence."

Yugoslav Protesters Get Pay Raises

Reuters

BELGRADE — Several thousand foundry workers in the poorest Yugoslav republic, Macedonia, won pay raises Tuesday after demonstrating against austerity measures, officials said.

Witnesses said more than 5,000 workers marched on the regional parliament in Skopje, demanding double pay and protesting wage

controls imposed Saturday by the federal government to help fight 135 percent inflation.

After an emergency session of the Macedonian government, its head, Gjorgije Gogovski, told the workers that wages would be raised to the average level at foundries throughout Yugoslavia. Officials could not immediately say what that level was.

Western diplomats said the protest and the wage increase for local authorities boded ill for the prospects of Prime Minister Branko Mikulic's anti-inflation program, approved Saturday by parliament. The price and wage controls, effective until mid-1988, were announced by the government shortly after.

The announcement of the increase of prices for fuel, food, transport and some raw materials caused panic buying.

On Tuesday, Mr. Mikulic followed up these measures with a 24.6 percent devaluation of the dinar, the first such move since 1983.

The aim was to boost exports and curb foreign travel by Yugoslavs.

Among the austerity measures was a 10 percent wage cut in unprofitable companies. The Skopje foundry has accumulated huge losses and closed five furnaces recently, threatening 1,000 jobs.

Macedonia remains one of Yugoslavia's poorest republics, despite heavy subsidies from other regions, and many of its companies have been reported to be near bankruptcy.

ACCORD: Arms Pact Near

(Continued from Page 1)

treaty would be completed in time for the summit meeting.

■ **A Dec. 9 Invitation**

Mr. Gorbachev will be invited to address a joint session of Congress on Dec. 9, a spokesman for the speaker of the House of Representatives, Representative Jim Wright of Texas, said Tuesday.

■ **SDI Limit Backed**
House and Senate negotiators agreed Tuesday to include provisions in a military authorization bill that would keep the administration from expanding its program for a space-based missile defense system during the current fiscal year without permission from Congress.

United Press International reported from Washington.

Other provisions agreed to in the bill that authorizes up to \$286 billion in military spending in fiscal 1988 would hold the administration within weapons-launcher limits of the unratified 1979 strategic arms treaty and would require that a Poseidon submarine be dismantled.

JAPAN: Illegal Workers Ousted

(Continued from Page 1)

name was his own affair, had come to Japan on a 15-day tourist visa, but stayed for five months, working on a construction site in Yokohama. He lived in a tiny room, he said, paying the equivalent of \$9 a day in rent from his \$37 in daily wages.

A Japanese laborer could expect to earn appreciably more. But Danilo, who sent most of his earnings to his family in Manila, figured that the pay was at least 10 times what he would have made in the Philippines.

"It was hard, but I did O.K.," he said.

When he decided it was time to leave, he turned himself in, as scores of illegal aliens do every week. He knew that after a brief period of questioning and detention he would be put on a bus, taken to the airport and sent on his way.

Immigration officials say the number of illegal immigrants who surrendered or were caught has risen markedly this year. Most had entered the country with valid visas as tourists, entertainers, students or businessmen. But then, once in Japan, they became illegal by overstaying or working in unauthorized jobs.

Why did they choose a country where it is so expensive to live? Officials say it is because Tokyo is a relatively short plane ride away, because well-paying jobs in the Middle East have dried up for East Asians and, most of all, because the strong yen makes salaries seem huge when converted into other currencies.

ALLIES: Western Officials See Coordinated Gulf Armada as a Quiet Plus

(Continued from Page 1)

tested by time or a major mishap. Europe's difficulties in responding faster to the Gulf crisis has laid bare many of the political misgivings that undermine attempts to create a "European pillar" to complement U.S. activity in the North Atlantic Treaty Organization, Mr. Merini and other experts said.

But a Pentagon official said the change should not be minimized. "A generation gap is emerging, with an emerging generation of European officials challenging the cautious approach that has prevailed," said a Pentagon official who has negotiated on the Gulf, where Europeans have rarely even shown the flag since Britain withdrew from east of Suez in 1968.

Reflecting this new more assertive mood, European governments have edged toward closer military teamwork, a development that has become clearer in recent weeks as European reinforcements reached full complement in and near the Gulf. European contributions to the Gulf includes the following:

● France has deployed the biggest European force, 15 ships, including its only attack carrier, the

Clemenceau. Although France denies "escorting" or "convoying" ships, French missile frigates have been photographed accompanying French tankers on the Gulf. French counter-mine operations, Mr. Cordesman said, "directly improve U.S. convoys' security."

● A fifth of Britain's seaborne frigates and destroyers are either on-station or earmarked for rotation to the Gulf, where Britain has an 11-ship contingent. Britain's minesweeping squadron — "the best in the world," a British defense official asserted — moved deeper into the Gulf last week, apparently to neutralize mines that eluded U.S. forces when they captured an Iranian mine-sowing vessel. British warships are providing tactical support, including anti-aircraft defense, for a Dutch-Belgian minesweeper flotilla that just reached the Gulf.

● Italy, with eight warships on station, is the only nation along with the United States to escort merchant shipping all the way to Kuwait. It is the Italian Navy's biggest combat operation since World War II.

● The Netherlands and Belgium have mounted a combined force of four minesweepers and a minesweeper command and support ship. Luxembourg is helping pay for this flotilla.

● West Germany, for the first time, has sent four warships to NATO in the Mediterranean to take over duties of allied vessels diverted to the Gulf from the western Mediterranean. This force "probably will stay as long as the Gulf situation warrants it," a West German Defense Ministry official said. West Germany is constitu-

tionally forbidden to send warships outside the NATO command area, so this kind of "filling in" operation would be crucial in a division-of-labor approach to any future Western military intervention.

● Japan reportedly is paying for an advanced military navigation network in the Gulf that will facilitate minehunting. The British-made system, Hyperix, enables warships to determine and communicate their coordinates to within 10 yards (nine meters), according to a naval specialist at the International Institute for Strategic Studies in London. British, West German and U.S. officials confirmed the existence of this Japanese contribution, but none would provide details.

West Germany and Japan, both of which depend heavily on imported oil for their thriving industries, have in the past been reluctant to support U.S. military action in the Middle East. This time, a West German diplomat said, "My government is showing solidarity in NATO with the United States."

While their combined firepower far less than the U.S. Middle East Force, with its carrier-based fighter-bombers, the European navies are supplying some of the world's most sophisticated anti-mine capabilities. "The British and French both are cooperating much more closely with the U.S. Navy than anyone is saying publicly," Mr. Cordesman said. Pentagon officials confirmed this but refused to elaborate.

In addition, the presence of European warships seems to have suffered the West's image of readiness for escalation.

"When Europe showed up, it im-

Wright Signs Pact With Shultz on Nicaragua

The Associated Press

WASHINGTON — Representative Jim Wright, the speaker of the House of Representatives, and Secretary of State George P. Shultz held an unusual and hastily arranged meeting Tuesday to put their differences over Central American policy and tactics behind them and with success to cease-fire negotiators.

After five days of feuding, they signed a six-point peace agreement in which they promised "not to create unnecessary problems."

Mr. Shultz said that "the speaker and I, as is well known, had a little tiff" during a White House meeting Monday over Mr. Wright's high-profile role in Central America's regional peace efforts.

The meeting reportedly included a heated confrontation between the two over the failure of Mr. Wright, a Texas Democrat, to keep the State Department fully informed of his activities.

"The important thing is to look ahead and focus on things we agree on," Mr. Shultz added.

Their statement said that they both wanted the peace process to succeed and that peace efforts should be concentrated in Central America and "guided primarily by Central Americans."

The statement concluded: "Neither of us wants to create unnecessary problems. We want to work together to bring about solutions."

However, it was apparent that Mr. Wright did not feel chastened. Asked if he would stop meeting with parties to the Central American peace accord, he replied: "No."

At the White House earlier, the chief White House spokesman, Martin Fitzwater, said of the dispute over the House speaker's role: "We are disturbed that there would be this kind of distraction from the process. We're trying to give it every opportunity to work."

The debate between the speaker and the White House has distracted from that, and I think that's one of the unfortunate aspects of his involvement. But it's also why I prefer not to further the debate, because there are very important things going on down there that we need to keep the focus on."

A cease-fire is a key element of the Central American peace plan approved in August by Mr. Ortega and four regional presidents.

Meanwhile, a top State Department official, who declined to be identified, said Tuesday that the Nicaraguan government's cease-fire proposal is little more than a disguised attempt to help the Sandinistas achieve a military victory over the U.S.-backed rebels, known as contras.

The official said the proposal, unveiled in Washington last week by Mr. Ortega, "is the type of thing a conquering commander would issue as terms of surrender to a defeated foe."

Under Mr. Ortega's proposal, any contras who lay down their arms and accept a government offer of amnesty may rejoin the political life of the nation "with full enjoyment of rights."

The government asked the contras to move to any of three cease-fire zones where their safety would be guaranteed once the 30-day truce goes into effect Dec. 5. Humanitarian aid could be sent to the contras but military aid would be forbidden.

According to the official, the most appropriate way to carry out a cease-fire is to leave the troops of the respective sides in place. To send contra forces to locations designated by the Sandinistas would give the government forces the overwhelming advantage, he said.

WORLD BRIEFS

Goria Is Asked to Form New Cabinet

ROME (Reuters) — President Francesco Cossiga asked the outgoing prime minister, Giovanni Goria, on Tuesday to try to form a new government after the collapse of his first administration last week, a presidential spokesman said.

The spokesman said Mr. Goria, a Christian Democrat, had accepted with reserve, a normal formula. The prime minister will announce full acceptance only if he succeeds in forming a cabinet.

Mr. Goria's first government, a coalition of his Christian Democrats, Socialists, Republicans, Social Democrats and Liberals that lasted for only 109 days, resigned Saturday because of an internal dispute over economic policy. It was Italy's 47th government since World War II.

Polish Police Halt Opposition Parley

WARSAW (AP) — An unauthorized press conference by founding members of the opposition Polish Socialist Party ended abruptly when the police cut off electricity to a Warsaw apartment, broke down the door and detained participants and Western members did not respond, half a the door repeatedly, but when party members did not respond, half a dozen police burst in. An Australian diplomat and eight Western journalists were released shortly after the raid Monday night.

Meanwhile, the banned Solidarity trade union condemned planned price increases that would raise by 110 percent the cost of basic foodstuffs next year. The government announced measures Saturday aimed at curbing Poland's 20 percent inflation. It said the cost of living would increase by 40 percent this year. Foodstuffs are to go up 110 percent and rent and heating will go up 140 to 200 percent. A referendum on economic reforms will be held Nov. 29, but prices will go up regardless of the outcome.

Gunmen Kill Syrian Soldier in Beirut

BEIRUT (Reuters) — Gunmen killed a Syrian soldier in Moslem West Beirut on Tuesday and wounded another, witnesses said, in a blow to Damascus's military presence in the Lebanese capital.

The two soldiers were hit by automatic fire as they were walking in the crowded residential area of Zkai el-Bat, the witnesses said. It was the latest of a series of attacks on Syrian forces in Lebanon. About 7,000 Syrian troops were sent into West Beirut in February to end street battles between rival militias and restore order.

In a separate incident near Batroun, northern Lebanon, a Syrian soldier was accidentally shot to death by his comrades when they fired on a Lebanese soldier who was trying to flee from a checkpoint, the police said. The Lebanese was wounded in the leg.

U.S. Mayor Admits to Use of Cocaine

CHARLESTON, West Virginia (AP) — Mayor Mike Roark admitted Tuesday that he had used cocaine and pleaded guilty to six misdemeanor charges of cocaine possession as part of an agreement requiring him to resign from office by Nov. 24.

The plea agreement was reached just before the defense and prosecutors were to finish selecting a jury for the mayor's trial on 27 drug charges and three counts of conspiracy to obstruct justice. U.S. District Judge Walter Hoffman said Mr. Roark would be subject to one year in prison and a fine of \$5,000 on each of the six counts as part of the agreement.

Mr. Roark, a former Kanawha County prosecutor and a one-time assistant U.S. attorney in Pittsburgh, originally had pleaded not guilty to all the charges.

Opposition Links Roh to Korea Coup

SEOUL (WP) — A leading South Korean opposition party issued a detailed accusation Tuesday against the ruling party's presidential candidate for his part in a coup eight years ago, escalating the tension in what has quickly become a bitter campaign.

The broadside, issued by the Reunification Democratic Party of Kim Young Sam, accused Roh Tae Woo of conspiracy, rebellion, jeopardizing national security and committing crimes, torture and other "inhumane atrocities" during the 1979 coup. The party also called for a public accounting of those responsible for homicide in the coup, the closest opposition leaders have come to demanding punishment for past military misdeeds.

South Korea's first free election in 16 years is scheduled for Dec. 16. President Chun Doo Hwan, who took power through the coup, has promised to step down in February, and Mr. Roh, his chosen successor, is running against six other candidates.

TRAVEL UPDATE

U.K. Is Ready to Agree on Gibraltar

GIBRALTAR (AP) — Britain is prepared to reach an agreement with Spain over the status of the airport in the British colony of Gibraltar that would unblock a plan to lower air fares in Western Europe, Gibraltar Television said Tuesday.

The television's news editor, Paul Canessa, said that the British foreign secretary, Sir Geoffrey Howe, told the television Monday that he saw no problem in allowing Spain-bound passengers arriving in Gibraltar to bypass the colony's immigration checkpoint and pass directly through Spanish controls.

Prime Minister Margaret Thatcher opened Turkey's third international airport at Izmir on Tuesday to boost a thriving Aegean and Mediterranean tourist trade. The airport, which will be able to handle four million passengers a year, will be the country's largest air terminal after Istanbul, officials said.

Switzerland's largest nuclear shelter, the Sonnenberg road tunnel through the Alps, is being tested this week. The tunnel's massive steel and concrete doors, each weighing 350 tons, were hermetically sealed on Monday for the six-day exercise, cutting a road link between northern and southern Europe, bypassing Lucerne, that is used by an average of 32,000 vehicles a day.

Unions representing Italian pilots, navigators and flight attendants on Tuesday called off strikes set for Friday and Saturday that would have halted most air traffic in Italy. A schedule of talks has been arranged with Labor Ministry officials.

staving off Iraq's defeat — and blamed for attracting Iranian-sponsored terrorism in France.

But, according to Euro-strategies, France rejected any plan for a unified European force, reiterating the Gaullist dogma that French forces must always serve under French command.

Italy wanted to send forces to the Gulf in response to public indignation after Iranian guerrillas rocketed the Italian freighter Jolly Regino in September. But Italy wanted a United Nations force.

These discussions were overtaken by events in September when Iran started sowing mines throughout the Gulf, and not just around Kuwait. Britain immediately dispatched minesweepers to the Gulf, joining the Armilla Patrol, a naval unit that had been cruising there quietly since the outbreak of the Gulf War seven years ago.

In addition, Britain — in a move the journal called "surprising" because the government of Prime Minister Margaret Thatcher appears lukewarm about European cooperation — volunteered anti-aircraft defense for a Dutch-Belgian force.

A British diplomat added: "West Germany offered to compensate for NATO drawdowns, and Luxembourg offered money, so we had a hat trick" — meaning that all seven WEU nations were engaged in the same military operation.

Quarried about the WEU's role, U.S. officials emphasized the disparity between the European governments' new bite in the Gulf and the muted bark at home. A WEU official was cautious about the outlook for this organization. "We were useful, and it could, maybe, be the first step toward more."

GULF: Iran Says N-Plant Is Hit

(Continued from Page 1)

Strait of Hormuz shortly after it sailed from Dubai, where it had been undergoing repairs.

Sources at the Kuwait Oil Tanker Co. declined to say why it was leaving the Gulf empty rather than going to Kuwait to pick up a load of crude oil.

The convoy, the 18th since the operation began mid-July, was made up of two other Kuwait tankers sailing under the American flag, a U.S. Navy tanker and five warships, including one of the navy's recently arrived ocean minesweepers.

The Bridgeton struck a mine in

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BRIEFS

Form New Cabinet
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Opposition Parley
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Inquiry Politics Charged

Iran-Contra Case Irks Republicans

By Philip Shenon
New York Times Service

WASHINGTON — The final minority report by eight Republicans on the Iran-contra committees in Congress says the majority report reaches "hysterical conclusions" and reads "as if it were a weapon in the ongoing guerrilla warfare" between Congress and the White House.

A 28-page summary of the minority report, which is scheduled to be released with the majority report on Wednesday, says errors made by the Reagan administration in the sale of arms to Iran and the subsequent diversion of profits to the Nicaraguan rebels, or contras, were "mistakes in judgment and nothing more."

"There was no constitutional crisis, no systematic disrespect for the rule of law, no grand conspiracy and no administration-wide dishonesty or cover-up," the report says. "In our view the administration did proceed legally in pursuing both its contra policy and the Iran arms initiative."

The minority summary, which was provided to The New York Times apparently in an effort to steal the thunder from the majority report, concludes that while President Ronald Reagan made "mistakes" in the Iran-contra affair, he did not know about the potentially illegal diversion of profits to the contras.

"The evidence shows that the president did not know," it says. "Any attempt to suggest otherwise can only be seen as an effort to sow needless doubts in the hope of reaping a partisan political advantage." Congress is controlled by Democrats and Mr. Reagan is a Republican.

The Republican summary rebuts several of what it says are the key conclusions of the majority report, including a finding that Attorney General Edwin Meese's 34 misstatements in his initial investigation a year ago of the Iran arms sales.

"The report strongly tries to suggest that Meese either must have been incompetent or must have been trying to give Pointdexter and North more time to cover their tracks," the Republican summary says, referring to Rear Admiral John M. Pointdexter, the former national security adviser, and Lieutenant Colonel Oliver L. North, the former National Security Council staff member.

"We consider the first of these charges to be untrue and the second to be outrageous," the Republican summary also says that the majority report of the committees "had no difficulty swallowing North's testimony."

What William J. Casey, as CIA director, "intended to create a privately funded, off-the-shelf covert operations capability for use in a variety of 'unforeseen circumstances.'"

The majority report rejects that conclusion. "As with so many other questions, we will never know the answers with certainty," it says. "It is interesting to note how much the majority is willing to make of one uncorroborated, disputed North statement that happens to suit its political purpose, in light of the way it treats others by North that are less convenient for the narrative's thesis."

All Democrats on the House and Senate investigating committees and three Republican senators — Warren Rudman of New Hampshire, vice chairman of the Senate panel; William S. Cohen of Maine; and Paul S. Trible of Virginia — have signed the majority report.

Two Republican senators, Orrin G. Hatch of Utah and James A. McClure of Idaho, have signed the minority report, along with six House Republicans.

Compared with earlier drafts of the Republican summary, there is relatively little criticism of Mr. Reagan in the final document.

In an earlier draft, the president was accused of "serious" errors and was said to bear "the political responsibility for their having happened." That wording is not in the new version.

The latest Republican report says Mr. Pointdexter made a serious mistake when, as he testified last summer, he decided not to tell the president about the diversion of the Iran arms profits.

The summary also questions the quality of information provided to the committees by the government of Israel, which was instrumental in arranging the initial arms sales to Iran.



FIRESIDE PHOTO — Volunteer firefighters in Latham, New York, near Albany, posing for a group photograph in front of one of two buildings set on fire as part of drill.

Substitutes for Salt On Icy Winter Roads

State and local highway departments spread about 10 million tons of rock salt every winter to keep U.S. roads dry. Householders spread more on driveways and sidewalks. The Federal Environmental Protection Agency estimates that salt-induced road damage and vehicle corrosion costs more than \$3 billion a year, not including damage to underground utility lines, nor the poisoning of streams, ponds and lakes.

The New York Times says less harmful substitutes are available. Calcium magnesium acetate or CMA, the most promising alternative, costs \$500 a ton, compared to \$25 a ton for rock salt. But the environmental damage wreaked by rock salt comes to about \$300 a ton, the Times says, while improved technology could halve the cost of CMA.

The Times also suggests calcium chloride as a paving additive. It costs \$1,000 a ton but lasts for years. Noting that Congress has appropriated \$10 million for snow and ice control studies, The Times says, "Salt, an increasingly

Short Takes

The image of the congressional legislative assistant — wise to the ways of Washington, often with better contacts than his or her member of Congress — has taken a blow in a survey by the Congressional Management Foundation, a private nonprofit group. It says legislative assistants often are overworked and underpaid, averaging \$24,000 a year, or \$2,000 less than the House staff average. The survey found that 41 percent of legislative assistants have held their posts less than a year and that congressional offices are "losing experienced staff at sometimes alarming rates."

Edmund G. Brown Jr., Democratic governor of California from 1974 to 1982, says he plans to return to politics, but only after the 1988 elections and the Los Angeles mayoral race in 1989. "I'm not going to stay out of it forever," he told a group of 50 California AFL-CIO union leaders. Mr. Brown, 49, dropped out of politics after running unsuccess-

AMERICAN TOPICS

One in three loggers is seriously injured every year in Oregon and Washington, the states that provide most of the prime softwood used in building houses. According to Washington state officials, only three other occupations are more hazardous: crop dusting, horse racing and professional football. "Every logger has a horror story," The New York Times reported from the Cascade mountain town of Starup, "and a scarred forehead or missing finger to prove it."

Northwest Airlines had a real computer crash. A 50-pound (22-kilogram) personal computer belonging to a passenger, Ron Olstad, fell from a cargo pod on a Jet Stream 31 commuter plane landing in Oshkosh, Wisconsin. The computer crashed into Ronald Miller's backyard. Northwest Airlines replaced the computer.

Autumn leaves should not be stuffed into large plastic bags to be carried off by garbage trucks to landfills that already are overflowing, says The New York Times. New York City, like many other communities, bans the burning of autumn leaves by householders. "Scattered over one's property, they do offend against tidiness," The Times says, "but when chewed up by the lawnmower they enrich the soil, and piled in a compost heap in a corner of the backyard, they 'decompose into a fine humus suitable for nourishing lawns, gardens and flower beds.'"

Shorter Takes: Membership in college fraternities shrank in the late 1960s, when the campus mood was largely anti-establishment, dipping to a postwar low of 150,000 in 1970. Since then it has grown to about 400,000. Kathryn J. Whitmore, 41, has been elected to a fourth two-year term as mayor of Houston. Miss Whitmore, a Democrat, defeated six opponents with 73 percent of the vote. Carolyn Parker told The New York Times that when she asked at the B. Altman department store for a pair of kid gloves, the sales clerk replied: "Madam, this is the ladies' glove department. You want the children's department on the second floor."

— ARTHUR HIGBEE

State Dept. Urges Foreign Envoys to Lobby Congress

By Elaine Sciolino
New York Times Service

WASHINGTON — It was a most unusual pilgrimage. Nine foreign ambassadors, from France to Fiji, filed into the office of the deputy secretary of state, John C. Whitehead, cast aside their diplomatic politeness and protested that the United States was not paying its bill for the United Nations peacekeeping force in southern Lebanon.

Mr. Whitehead told the ambassadors, whose countries have contributed the 5,700 troops that make up the force, that he could not agree more.

But in a suggestion that startled some of the envoys, he urged them to petition Congress themselves, explaining that the Reagan administration has little leverage anymore with Congress over money matters.

Indeed, the increasing role of Congress in shaping U.S. foreign policy has spawned legislative fiefdoms with varying degrees of influence. This in turn has created a growing number of lobbyists representing foreign governments and domestic interest groups who go door-to-door on Capitol Hill, fighting for causes as diverse as textile quotas and arms sales.

Still, for the State Department to ask foreign envoys to intercede with Congress is highly irregular, reflecting both the depth of mistrust between the administration and Capitol Hill and the odd way that decisions sometimes are made in Washington.

"It's terribly unusual given the annals of diplomatic practice," said one State Department official of Mr. Whitehead's request. "But all good embassy people have learned to carry their own water on the Hill."

Not all ambassadors are willing to do that, arguing that the formal protest lodged with the State Department should be sufficient to prompt the United States to meet its treaty obligations by paying its bills.

"It seems to me highly unusual that representatives of foreign countries are required by responsible officials to interfere in the internal affairs of a sovereign state," said one ambassador. "Usually governments tell you to stay out of their affairs."

At a meeting of European ambassadors after the visit to the State Department this month, another envoy said that he would refuse to go hat in hand to Capitol Hill. He called the lobbying process a humiliating experience.

"It's easier for me to see the president of the United States than to get an appointment with a congressional aide," he said.

The United Nations Interim Force in Lebanon has never had much support in Congress. The force, created in 1978 at the insistence of the United States, has an imprecise mandate to pacify southern Lebanon. It has never been allowed by Israel to deploy its troops south of an Israeli-occupied zone along the Lebanon-Israel border.

Despite Israel's more accepting attitude toward the force in recent years, few U.S. lawmakers are willing to actively promote the force.

U.S. Negotiations on Budget Deficit Look Likely to Miss Friday Deadline

Compiled by Our Staff From Dispatches

WASHINGTON — White House officials and congressional leaders met again Tuesday in their halting effort to reach a compromise on the federal deficit, as a leading congressional aide said Friday's balanced budget deadline would probably have to be extended.

Both sides reaffirmed Tuesday their commitment to reaching an agreement this week.

"Everybody in that meeting wants a deal," the White House chief of staff, Howard H. Baker, said after a morning session with congressional leaders prior to the day's regular negotiations.

The elusive agreement, he said, is "a moving target," but still "certainly a possibility."

However, President Ronald Reagan's chief spokesman, Martin Fitzwater, left open the possibility that negotiators might not meet the Nov. 20 deadline.

"Obviously we would hope to meet the 20th deadline, but if the negotiations are close, obviously the world won't come to an end then."

Mr. Fitzwater described Mr. Reagan as disappointed Tuesday at the lack of progress in the negotiations. But he said the president "feels we have bent over backwards."

If there is no compromise by Friday, \$23 billion in across-the-board spending cuts will go into effect automatically under the Gramm-Rudman balanced-budget law.

Asked whether the White House would seek a delay in implementation of the automatic cuts under Gramm-Rudman, Mr. Fitzwater replied, "We don't want a delay. We want to meet it."

The House majority leader, Thomas S. Foley of Washington, predicted Tuesday that a deficit-reduction accord would be reached by then. But he said in a television interview that an extension of the deadline might be required to implement the details of the agreement.

"I think we can get a general agreement by Friday," Mr. Foley said. "The actual implementation of it would require some extension of the deadline."

The negotiations, which entered their 17th day Tuesday, hastily began four weeks ago in an attempt to calm world financial markets after the Oct. 19 crash in stock prices. The U.S. deficit is seen as a key factor in the crash.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Waiting for the Other Guy

"We're really addressing the stark realities," the House Minority Leader, Robert Michel, said as the budget talks between administration and congressional representatives recessed the other day. No, they are not — not the administration, not either party in Congress. The evidence is that they have all been thinking small when they should have been thinking large. They will cut a deal, but the more they quibble, the less notable their accomplishment is likely to be.

The market sent them all a mighty message last month. The United States has been living beyond its means; the people who have been financing the binge, mostly foreigners, will not do it anymore, not with the same liberality, not without exacting a higher price. Everyone agrees now that Americans have to retrench, even the president. But everyone has continued to wait the other fellow to blink first. The Republicans want to keep taxes down and defense spending up; the Democrats want to protect domestic programs. Neither side has had the courage to tackle Social Security benefits.

So they have been nickel-and-dime one another. In a trillion-dollar budget they have been only a couple billion dollars apart in each of the three main categories — taxes, domestic spending and defense. They have been fighting for marginal advantage in a game of inside budgetball that only they will

ever know the score of. The press release has been as much at stake as the programs. They will only get to about \$23 billion in real savings this way. Especially given the overly generous estimating that accompanies these exercises, they ought to go higher. A total of \$30 billion would be about right — no gimmicks, forceful as to the deficit, not so forceful as to threaten the economy. To get there without asset sales or other bells and whistles, they need to lift their sights. In particular, the tax increase and domestic spending cuts they are considering need to be enlarged. The way to do the spending cuts is to squeeze the fifth of the budget that is Social Security. That can be most fairly done by subjecting a larger share of Social Security benefits to the income tax or, lacking that, by holding next year's benefit increase a couple of points below inflation — not simply delaying its effective date.

On the tax side the assorted minor provisions in the House Ways and Means Committee and Senate Finance Committee bills should be anchored with a major increase in the gasoline if not the income tax. Then there would be credible deficit reduction. The members quail at this. The irony is that they would be much more praised than punished for it at the polls. They underestimate the crisis — and the voters.

— THE WASHINGTON POST.

What War on Drugs?

The marijuana smoking that led to Judge Douglas Ginsburg's withdrawal from consideration for the Supreme Court also revives questions about President Reagan's war on drugs. What war on drugs?

A year ago, with the United States alarmed about crack and the drug-related deaths of sports figures, President Reagan proclaimed a "national crusade" against drug abuse. Congress quickly contributed \$1.7 billion for the campaign.

Today the effort stands exposed as "a sham" — in the words of Senator Alfonse D'Amato — a monument to cynicism that substitutes oratory for clear policy and determined effort. That is especially disarming: ingredients of a clear strategy are at hand.

After the president and Mrs. Reagan made their early televised appeals to "just say no" to drugs, Mr. Reagan quickly lost interest. Not long after he signed the bill funding the antidrug campaign, White House officials proposed cutting the new federal funds for law enforcement, drug treatment and abuse prevention.

Much of the money that did get approved was doled out by mid-level budget officials with little understanding of the drug problem. Meanwhile, the coast guard and the Customs Service warred over turf.

Some initiatives, like the 24 task forces to fight crack, evaporated entirely. The campaign did produce an increase in drug seizures and arrests. But that had negligible effect on drug use — and it now threatens chaos in overcrowded federal prisons.

The Reagan drug war, in short, has turned into a squandered opportunity. Yet it is not too late to formulate a battle plan, and the starting point is to distinguish the issues posed by each drug.

• Marijuana. Disrupting the foreign-grown supply only drives the price for domestic product. The Ginsburg incident demonstrates anew the wide tolerance of

behavior still classified as illegal. The drug may have adverse effects on the user, but they are on a par with those of tobacco and alcohol. They do not warrant outlawing marijuana so much as discouraging excessive use. Rather than saddle law enforcement with the task of suppressing pot, authorities could frankly acknowledge the wisdom of decriminalizing it. Possession of an ounce (about 30 grams) or less has already been reduced to a ticketable offense in 11 states.

• Cocaine. Since cocaine is hard to grow in the United States, diplomatic efforts to reduce the foreign crop make sense. An aerial spray would be a major advance; tearing up coca bushes by the roots is labor-intensive and invites violent confrontation with farmers. At home, meanwhile, police are developing new tactics against street-level drug processing and selling. These could be expanded and emulated.

• Heroin. Treatment offers the most obvious benefit. Most addicts eventually tire of their habit; all who do ought to be granted immediate help. That includes the option of using methadone, a drug that blocks heroin craving while permitting the addict to lead a normal life. Much might be done to expand treatment rapidly just by easing requirements that dispensing of methadone be accompanied by heavy counseling and other social services.

— THE NEW YORK TIMES.

Don't Dally on the Visas

The State Department authorization bill left the U.S. Senate with dozens of amendments that had not been part of the measure that the House of Representatives passed. Some are frivolous, some are mean-spirited, but a handful have real merit. One of these would make it clear that with certain exceptions no one could be denied a visa to visit the United States simply because of past or current political beliefs or associations, or on the basis of an expected speech. Because of the alien's speech while in the United States.

This amendment was adopted unanimously by the Senate Foreign Relations Committee and was passed without a dissenting vote by the full Senate. It was expected to meet no opposition from House members of the conference now in progress. But trouble has developed. Liberal members of the House Judiciary Committee have objected to the amendment in the Senate version of the bill. Part of this is a turf fight: The Judiciary Committee and not Foreign Affairs should have jurisdiction over visa matters. And some of it is strategic. House Judiciary members are said to prefer the more extensive changes that would be made by the bill introduced by Representative Barney Frank. It would be a mistake, though, to continue to oppose the change that is all but accomplished in favor of a hope that something even better could be passed later.

Last month, an evenly divided Supreme Court placed limits on the government's power to exclude aliens because of political beliefs or expected speech. Because of the tie, however, the ruling applies only in the District of Columbia, where the case arose. The Senate amendment complements that ruling because it covers any government action, not only that invoked in a certain section of the immigration laws, and because its application would be nationwide. These are important improvements. If House members can move the Frank bill later, and if it wins wide support in the Senate, fine. But there is no need to forgo the improvements that could be made in a few weeks in favor of something that is perhaps better next year.

— THE WASHINGTON POST.

Other Comment

Failings of Socialist Reform

On the very day that Boris Yeltsin was dismissed for excessively enthusiastic support for reforms, the Hungarian Communist Party Central Committee issued a communiqué that puts the dilemma of reforming Communist societies in a nutshell: On the one hand, it says, economic reforms should serve the development of the nation as a whole, but on the other hand the Communist Party must play the leading role in executing the reforms.

On the one hand, socialism should evolve from the dictatorship of the proletariat to

genuine popular government, but on the other hand socialist democracy must be understood only as self-management in the Marxist sense. This vacillation on the part of the Hungarian Communists is in keeping with the present situation in the socialist camp, but is unlikely to satisfy anyone.

Many in the West saw the Yugoslav model of self-management as a promising alternative. [But] economic chaos, political infighting, scandals and ethnic strife have brought the country to the verge of a political, economic and moral crisis, for which the politicians clearly have no answer.

— Neue Zürcher Zeitung (Zurich).

Reagan's Fight To 'Lock In the Revolution'

By David S. Broder

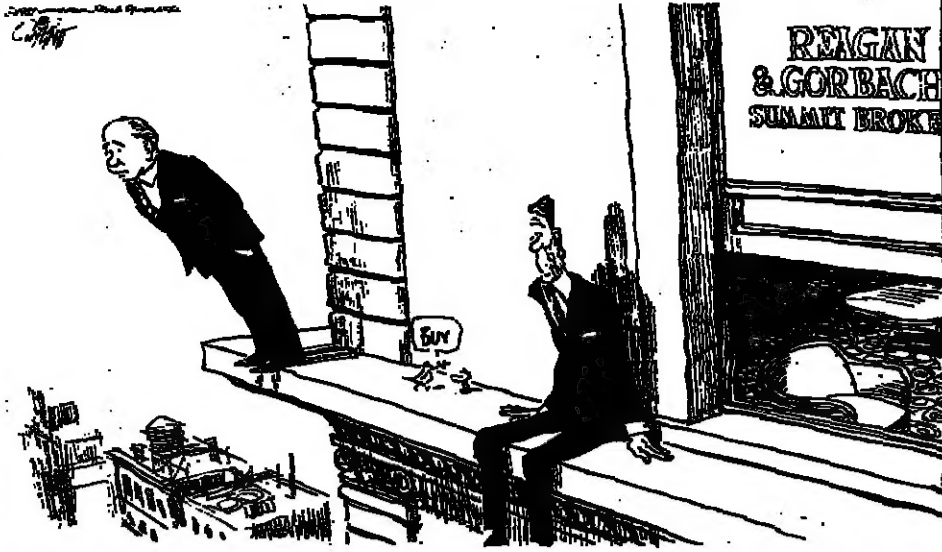
WASHINGTON — A year ago this month, Ronald Reagan met with his cabinet and senior White House aides to assess his situation. Control of the Senate had just swung from the Republicans to the Democrats. The Iran-contra story was beginning to unravel. And the candidates for the 1988 presidential election were elbowing forward, signaling the approaching end of Mr. Reagan's tenure.

The message that emerged from those meetings, a former cabinet member recalled last week, was embodied in the slogan: "Lock in the Reagan Revolution." Any effort to undo what Mr. Reagan had accomplished in his first six years was to be resisted. Any opportunity to institutionalize the changes — to secure them against tampering by Congress or the next president — was to be seized.

The reflex to dig in and fight was understandable. But the clear implication was that 1987 would be a year of confrontation for the chief executive. And now circumstances have forced Mr. Reagan to abandon that posture for one of conciliation and consensus-seeking. The result may be to diminish him in the eyes of ideological cadres but to enhance him as an asset for the Republican Party in 1988 and perhaps secure his legacy in a different way.

The "lock in the revolution" strategy was clearly embodied in the January Reagan budget, which slashed at domestic spending and tried to reaccelerate the slowing military buildup. It was evident in the State of the Union address, which laid down a hard line on continued support for the anti-Sandinista contras and the development of the Strategic Defense Initiative. It showed in Mr. Reagan's quick vetoes of the highway bill and the Clean Water Act. It surfaced later in the year in the effort to promote "an economic Bill of Rights," including the balanced-budget amendment and line-item veto authority. And it was the underlying motive in the effort to place Judge Robert Bork and later Judge Douglas Ginsburg on the Supreme Court.

There was nothing sneaky or disbonorable about the confrontation strategy. But it has failed, and now it is being changed. Mr. Reagan is trimming to meet the altered circumstances of his presidency, acknowledging last week that recent



'Gee, Gorb, do we always have to take our business meetings out here?'

experiences "have made us all a little wiser." You can see the change in his selection of Judge Anthony Kennedy as the fallback candidate for the Supreme Court, in his belated willingness to negotiate a budget compromise with the congressional Democrats, in the decision to postpone a request for new funds for the contras.

For Mr. Reagan, the lessons began painfully. The Iran-contra affair undermined much of the public support that gave him political leverage in Washington. It put the administration on the defensive for 10 months, sapped the White House's energy and, for a time, quenched Mr. Reagan's own optimism and assertiveness. It forced an overhaul of the White House, including the dismissal of the combative Donald Regan as chief of staff and his replacement by former Senator Howard Baker, who is an instinctive conciliator.

The second unexpected circumstance was the vigor of the political opposition, notably the new speaker of the House, Jim Wright of Texas, and the band of younger moderate-liberal Democrats in the Senate. Unlike his predecessor, Thomas O'Neill, whose anti-Reagan bark was worse than his bite, Mr. Wright clearly has delighted in ripping up Mr. Reagan. And he has found many occasions to indulge his appetite.

In the Senate, George Mitchell of Maine and the Southern Democrats he helped elect last year as chairman of the Democratic Senatorial Campaign Committee have brought new brainpower and backbone to that flaccid body — as the Iran-contra hearings and the Bork fight showed.

Third, the sudden, severe wobble in the economic picture following the stock market plunge made it evident that the cost of continued political confrontation in Washington might be the wreck of Mr. Reagan's most important domestic achievement: the long period of inflation-free economic growth.

And finally, as Mr. Reagan's hopes came to center increasingly on a Soviet-American arms control agreement, the case for conciliation became overwhelming. With many hawkish Republicans deeply skeptical of this new "détente," it has become clear that ratification of the treaty will require strong Democratic support. Cooperation in that area makes it more difficult for Mr. Reagan to be confrontational in others.

All this may make some true believers think that Mr. Reagan is in full retreat. But in fact, he has had and can continue to have significant impact in each of these areas of "conciliation." Judge Kennedy may not be an ideologue, but he is a conservative who would never be mistaken for a Carter judge. The emerging budget agreement preserves the dramatic tax-rate reductions of the past six years. The military budget and the U.S.-Soviet negotiations have not eliminated Mr. Reagan's dream of a strategic defense system.

Stockbrokers and store clerks alike plainly welcome signs of cooperation in Washington, and the principal beneficiary of that approval is likely to be the Republican nominee Mr. Reagan hopes will succeed him. That may be, in the end, the most effective way to "lock in the revolution."

The Washington Post.

U.S. Pressure Can Save Haiti From an Election Fiasco

By Michael S. Hooper and Anne Manuel

NEW YORK — As Jean-Claude Duvalier headed for exile in a U.S. air force jet on Feb. 7, 1986, the world rejoiced at Haiti's sudden opportunity to escape from tyranny and to embark on democracy. Hopes that elections scheduled for Nov. 29 would fulfill that dream grew when a powerful coalition of grassroots organizations joined the Roman Catholic Church to support the process. This strong, united opposition is precisely what has caused the Duvalierists to react so violently in recent weeks.

Now Haiti is a country at war. On one side is the majority of Haiti's long-suffering population, which enthusiastically set the stage for democracy by drawing up and approving a new constitution that set the ground rules for elections.

On the other side are the associates of the Duvalier family, who fear elections will rob them of their obscene privileges. Haiti's military-dominated "transition" government clearly sides with the latter. Haitians have every reason to believe that the United States does as well.

Tragically, violence has all but dashed the democrats' hopes. The Reagan administration, despite an early insistence that elections proceed fairly, has silently watched the military re-establish a stranglehold

on the country (while pouring in huge amounts of aid), and bears a share of the blame for the debacle.

The promise of a fair election may have been immunized along with the provisional electoral council's headquarters in a fire after a break-in on Nov. 2. A regional election bureau also was torched, as was a commercial building that belonged to an electoral council member.

On Nov. 5, arsonists ignited a major printing plant, destroying thousands of tons of ballots and ballot paper. In response to repeated requests for protection, the government finally has assigned a small group of policemen to guard the temporary election headquarters. It has not acceded to requests to protect members of the election council.

These actions are clearly retaliation for the Nov. 2 ruling by that council that the most infamous Duvalierist candidates could not run for president under Haiti's new constitution. The constitutional provision barring Duvalierists from running for public office for 10 years has been seen by most people as a crucial democratic protection. Yet it has elicited threats of violence from would-be candidates; one, Clovis Desir, threatened to unleash a civil

war if his candidacy was refused.

The current crisis has been building ever since the last days of the dictatorship. Before heading off for the French Riviera, Mr. Duvalier hand-picked the military-dominated regime that was intended to guide the nation's transition to democracy. Mr. Duvalier's notorious Tonton Macoutes, who had terrorized Haitians for decades, were not disbanded.

Despite these alarming developments, Washington sent hundreds of millions of dollars in aid, including funds for the military and police. —

The months preceding the elections have been marked by an official lawlessness akin to the worst offenses of the Duvalier years. Last summer, the military and security forces killed more than 50 Haitians in unprovoked attacks. In July, more than 300 members of a peasant cooperative were massacred by paramilitary forces linked to the Tonton Macoutes and peasants organized by landowners in the northwestern village of Jean-Rabel. More recently, death squads have sprung up in the capital's slums. On Oct. 13, plainclothes police assassinated a presidential candidate, Yves Volé, in front of the police station in Port-au-Prince

as journalists looked on helplessly. With its \$100 million aid program, Washington wields great influence with Haiti's rulers. Yet the Reagan administration has yet to utter a disparaging remark about their conduct and even certified progress on Haiti's human rights record in August.

About the cold-blooded murder of Mr. Volé by U.S.-trained police forces, Charles Redman, the State Department spokesman, offered the stock lines: Administration officials "deplore" political violence of any kind, and they "stand firmly behind Haiti in its transition to democracy." Mr. Redman uttered similar statements after the latest violence.

This is not the time to invent excuses for the Haitian government. After 30 years of dictatorship, many Haitians still cling to the hope that the elections will be partly salvaged. This is impossible unless the United States denounces the terror campaign and demands at the very least that Haiti's rulers provide security for the electoral council, the candidates and, above all, Haiti's voters.

Michael S. Hooper is executive director of the National Coalition for Haitian Refugees. Anne Manuel is a consultant to Americas Watch, a human rights organization. They contributed this to The New York Times.

The Long, Violent History of the Libya-IRA Connection

By John K. Cooley

LONDON — The Irish Republican Army and Colonel Moammar Gadhafi's Libya both have said they are sorry about the Nov. 8 bombing that killed 11 persons and injured 61 as they remembered their war dead at Enniskillen, Northern Ireland. Each has ample reasons for regrets.

People in the North and in the Irish Republic believe the IRA has seriously, perhaps irrevocably, damaged its cause and that of Sinn Féin, its legal political arm.

Colonel Gadhafi, who has sent arms to the IRA before and who almost certainly was responsible for the 150-ton cargo aboard the rusty oil coaster, the Eksund, that French authorities intercepted off Brittany on Oct. 30, may have lost even more of his influence over guerrilla and terrorist groups the world over. (Libya denies responsibility for the Eksund, but disclosures to the French police by five Irishmen aboard, along with other information, have persuaded authorities in Paris, London and Dublin that the cargo's source was Libya.)

The recent events raise important questions: How regular have arms supplies to the IRA been? Are the

countries of origin changing? Perhaps most important, who pays for them?

After Britain allowed the United States to use its bases for the air raids against Libya in April 1986, Colonel Gadhafi vowed to retaliate. When Prime Minister Margaret Thatcher defended the decision on the bases, she referred to at least one of the four big arms shipments (none approached the size of the Eksund's load) found by Irish police four months earlier, stored in boxes labeled "Libyan Armed Forces."

Colonel Gadhafi's support for the IRA dates to the first years after he took power in 1969. Members of the Provisional wing of the IRA were frequent guests in Tripoli. Then on March 30, 1973, a cargo of about 5 tons of Libyan arms aboard the gun-runner Claudia was tracked from Tripoli by the British navy and seized by the Irish navy as the crew tried to land the arms in County Waterford.

For a while, the Libya-IRA connection was dormant. It picked up again with a vengeance after a British policewoman, Yvonne Fletcher, was killed by shots fired from inside the Libyan

mission in London during a demonstration on April 17, 1984. Britain broke relations with Libya.

Tripoli radio then promised that the ruling "people's committees" would "form an alliance with the secret IRA" with a view to "liberating the Irish nation from the tyranny of British colonialism." The people's committees would open branches for the IRA in all Libyan towns, the radio said.

The IRA, Colonel Gadhafi declared, is not a "terrorist army" but one with a "just cause," the fight for "the independence of their country" — words almost identical to those often heard from the IRA's many supporters in the United States.

The British struck a serious blow to the IRA on April 26, 1986. Seamus McElwaine was killed. Kevin Lynch injured when a British army unit caught them planting an 800-pound (360-kilogram) bomb by the road, not unlike the one planted at Enniskillen (the IRA blames British army radio scanners for triggering the bomb prematurely).

Mr. McElwaine had been serving a life sentence for two murders when he escaped from Northern Ireland's Maze prison. Armalite rifles he and Mr. Lynch carried had been used for two other murders in February 1986. The Irish police suspected that they were part of a Libyan shipment.

Equally suspect was the Semtex plastic explosive used in a car bomb that killed Northern Ireland's lord justice, Maurice Gibson, and his wife near Northern Ireland's border with the Irish Republic on April 25. But no one has been able or willing to say where such explosives have come from, or who pays for them.

Britain's Northern Ireland secretary, Tom King, says a large part of the arms the IRA now uses come from Libya, because improved cooperation from authorities in the United States has dried up IRA sources there. As recently as Sept. 29, 1984, a 7-ton arms shipment that had left Boston on the trawler Valhalla and which had been transferred at sea to an Irish ship, the Maritima Ann, was captured off the southwestern Irish coast.

Do Kremlin Conflicts Put INF at Risk?

By Drew Middleton

WASHINGTON — Will the internal conflict now convulsing the Soviet leadership spill over into the international field and affect the planned signing next month of the Intermediate Nuclear Forces treaty by President Reagan and the Kremlin leader, Mikhail Gorbachev?

This probably is the most important problem in international affairs at the moment. There are strong signs that the internal Soviet conflict exists, but its effect on foreign and domestic policy — especially on the new policies brought forward by Mr. Gorbachev — are unknown. Soviet action remains, in the words of Winston Churchill, "a riddle wrapped in a mystery inside an enigma."

The Reagan administration line now is that all is going well in the final negotiations at Geneva and that the INF treaty will be ready for signature in early December. Many American diplomats abroad and an even greater number of U.S. and NATO intelligence officers who concentrate on Soviet affairs are not so optimistic.

These experts fear that they and their higher-ups are able to glimpse only the surface indications of the struggle they believe is going on within the upper echelons of the Soviet Communist Party. As some see it, this struggle pits Mr. Gorbachev and his allies against the entrenched, mostly elderly members of the party who oppose any rapid adoption of the policies he advocates.

Those who follow such reasoning believe that this older group encouraged Mr. Gorbachev to get rid of Boris Yeltsin, his longtime ally and Moscow party chief. By doing so, they argue, the general secretary quieted most of his party foes while ridding himself of a critic.

A second view, held largely by European diplomats and intelligence sources, is that Americans have misjudged Mr. Gorbachev from the outset. The tendency in the White House and in the U.S. media, these sources believe, has been to credit the general secretary with more power than he actually wields and with more liberalism than the party will accept.

This group reckons it is unwise to accept the views of a few dissidents or anonymous sources on *glasnost*, or openness, and to ignore the feelings of the Soviet people who, they argue, are far more interested in an expansion of food supplies than they are in whether they can read an interview with a former political outcast.

Above all, these sources insist, it is foolish to put too much emphasis on what Soviet intellectuals think. An intellectual may compare present events to Stalin's purges. But, again, most Russians were not born 50 years ago and have forgotten about Stalin.

Diplomatic and intelligence sources appear to believe that the INF treaty will be signed eventually. But many expect that before it is completed, the Soviet negotiators will raise some difficulties on points connected with verification. Men representing close U.S. allies fear that the Reagan administration in its eagerness to win what will be proclaimed a diplomatic victory, will give way.

Some say there will be a delay in Mr. Gorbachev's visit to Washington and in the treaty signing for reasons connected first with the completion of the treaty and, second, with the conflict now going on in the party. "No dictator, and don't forget that's what this chap is," a foreign intelligence officer said, "wants to leave an untidy row at home. He'll wait everything cleaned up before he goes."

But few think the treaty in something close to its current form will not be signed. This is primarily because most believe that the Soviet Union needs this treaty and perhaps others to help it escape from its heavy burden of arms procurement.

Nor is there much doubt in the minds of those questioned during the last week over what the Soviets will ask in return for any new agreement curtailing weapons, probably strategic nuclear missiles. It will be at least a partial ban on development of the U.S. Strategic Defense Initiative. SDI has been a nightmare to the Soviet Union's military-industrial complex since the United States first started serious research. Nor because the Soviets had not done work in the same field. They had. But because they were reasonably sure that to compete on a major scale with the United States in this field would break an already fragile economy.

Some Americans have begun looking at their country as a sorry mess; they should take a good look at Russia.

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100, 75 AND 50 YEARS AGO

1887: Scots Withdraw

GRENFLOCK, Scotland — William York, Secretary of the Royal Clyde Yacht Club, today [Nov. 17] dispatched a communication to the Secretary of the New York Yacht Club withdrawing the challenge to compete for the America Cup, on the ground that Mr. Schuyler has imposed unfair and unsportsmanlike conditions, the most unjust of which is a stipulation that no time allowance is to be given. Meanwhile, Captain Barr, of the Scotch yacht *Thistle*, was presented at Glasgow with a handsome binocular glass, in acknowledgment of his humanity to survivors of the steamer *Harkaway*, which foundered off the Shetlands last year. The rescue was effected at great risk. Captain Barr's vessel being maneuvered during a gale.

1912: Wilson Sails Away

NEW YORK — Woodrow Wilson, who left for Bermuda [on Nov. 15], accompanied by Mrs. Wilson and

their daughters, went for rest and to escape from the army of office-seekers who would otherwise be camping on his trail. The work of the President in his first year of office usually concerns the distribution of the spoils of office to hungry job-seekers, and legislative matters come next. Mr. Wilson retired to his cabin on the steamship early. "Please say I am dead to the world for one month," he said.

1937: Panic in Nanking
SHANGHAI — Reports reaching here from Nanking today [Nov. 17] said that near-panic has seized the Chinese capital as thousands flee before the advancing Japanese. Unconfirmed reports state that 70 Japanese warships moving up the Yangtze River have reached the boom constructed across the river 10 miles from Nanking. Generalissimo Chiang Kai-shek is said to have resigned the premiership in order to devote his entire attention to a desperate effort to stave off the Japanese offensive.

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B. DANZIGER.

Italy: Coping With Crisis

IN THE NEWS

March 4: Craxi Resigns As Prime Minister

Bettino Craxi, a Socialist, resigns as prime minister after holding the post for three years and seven months, a postwar record. He says the political atmosphere within the five-party coalition has become "suffocating and anxious for everyone."

June 14-15: Socialists Win 14.3% of Vote in Election

The Socialist Party is the main winner in the general election with 14.3 percent of the vote, an increase of 2.9 percent over the 1983 election. The Christian Democrats win 34.3 percent of the vote, an increase of 1.4 percent. The Communists continue their slide but remain the country's second party. They win 26.6 percent of the vote, a loss of 3.3 percent.

Aug. 5: Gorla Is Named To Head Coalition

Giovanni Gorla, a Christian Democrat, becomes prime minister after the Socialists concede that it is the turn of the Christian Democrats to take back the prime minister's office they gave up in 1981.

Sept. 4: A Naval Force Is Sent Into Gulf

The government decides to send a naval force, including frigates and minesweepers, to the Gulf after an attack on an Italian freighter by warships presumed to be Iranian.

Nov. 8-9: Referendum Held On Nuclear Energy

Two-thirds of voters, in a referendum, vote for abrogation of existing laws on nuclear energy and for holding judges personally accountable for their mistakes.

Nov. 14: Gorla Resigns

Mr. Gorla resigns after the small Liberal Party pulls out of his government.

Nov. 17: Gorla Asked Again

President Francesco Cossiga asks Mr. Gorla to try to form a new government.

New South Bedeviled by Old Problems

By Pino Arlacchi

ROME — To measure the dimensions of Italy's most serious problem, take a rural area the size of Greece with an impoverished and discontented population larger than Australia's; give it 700 years of independent history, then force it into a young and as yet unresourceful nation-state as Italy was until the end of World War II. What you will get is the problem of the Italian South.

Seen against its historical background, the progress of Southern Italy during the last 35 years has, in fact, been prodigious. Per-capita income has more than doubled. Hunger and Third World dis-

Commentary

eases have disappeared. Illiteracy and infant mortality have been reduced to a bare minimum. Civil infrastructures — schools, hospitals, communications — have been created and are actually working, even if not always well.

The merit for these successes must go first of all to the Southern Italians themselves, who staged a new wave of emigration of about six million young workers between the early 1950s and the early 1970s and thus decongested the Southern labor market and at the same time made the by now legendary industrial growth of Northern Italy possible.

The central government's massive intervention in the economic development and the society of the South also produced progress. After 1950, the Italian government put into operation a large-scale transfer of resources to what Northern Italians liked to call the country's "southern periphery," a term that does hardly justice to an area that comprises 40 percent of the national territory and more than a third of the nation's population.

The Cassa per il Mezzogiorno, the central government's development fund for the South, alone invested approximately 115 billion current U.S. dollars in Southern agriculture and services between 1950 and 1984.

Despite all this, the "Southern question" has not been solved. It has only changed its shape.

The gap between the North and South in terms of per-capita income narrowed between 1950 and 1980 but has widened slightly again since then; last

Continued on page 10



Despite progress and state investment, the 'Southern question' has not been solved. It has only changed its shape.

The Party Game

Public Exasperated By Politics as Usual

By Henry Tanner

ROME — In Rome these days it was politics as usual, which means politics the way it has been played since the end of World War II and by some of the same players.

Some of the headlines in the newspapers could have been written many years ago. A five-party coalition is brought down by its smallest member; an embattled prime minister, Giovanni Gorla, who had never been more than caretaker, resigns even though he could have stayed on under the constitution; newspapers predict he will succeed himself; labor unions set a date for general strike; vital financial legislation is held up; the secretaries of the major parties, who are the real custodians of power, keep meeting in search for new compromise; newspapers call for rewriting of rules of political behavior; leaders of the Christian Democratic Party renew fighting among themselves.

What was different from the past, it seemed to a visiting reporter, was the mood in the country.

An increasing number of Italians are losing patience with the Tammany Hall style of politics by the traditional parties and their leaders.

During the three and a half years that Bettino Craxi, the Socialist leader, headed the government, Italians had political stability. They had found that a government need not be indecisive, that labor peace is possible, that inflation can be kept in check and that Italy can talk back to its allies, including the United States.

Mr. Craxi has always been a controversial figure. Many Italians resented his overbearing ways. Many pointed out that he had personally caused the collapse of the two preceding governments and that his long life span as prime minister therefore owed much to the fact that there was no other Craxi to bring him down. And many felt, rightly, that luck and circumstances played a large role in his success — notably, falling oil prices and a then still moderate drop of the dollar, which helped Italian industry.



Nostalgia for Bettino Craxi?

Mr. Craxi thus looks better to his countrymen in hindsight than he did when he was in power. After a series of crippling wildcat strikes, a sharp jump in food prices and an avoidable government crisis, he is remembered with some nostalgia.

"I am sorry but I guess we need a strong man," a housewife said in Rome.

"He is the only politician who has an ability to move the state in any direction," said an editor in Milan, expressing a similar thought.

Complaints about the political instability in Rome have been coming loud and clear from the industrialists and entrepreneurs and even some labor leaders in Northern Italy who have lived through heady years of an "economic miracle" and are now facing a collapse of Italian exports.

The Milan stock market had its first sharp

Continued on page 10



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EniElettronica
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Budget Challenge

Political Uncertainty Delays Moves to Cut Huge National Debt

'A mine floating out of control.'

By Dalbert Hallenstein

ROME — Italy's national debt has at last begun to alarm its notoriously spendthrift politicians. The level of the country's public indebtedness by the end of this financial year will reach an estimated 93.9 percent of its gross domestic product, the highest such debt ratio among the world's seven leading industrial economies.

By the end of next year, Italy's indebtedness will almost equal its GDP unless major changes are made in the country's economic policies. But despite elaborate attempts by the country's first Socialist treasurer, Giuliano Amato, to forge a budget capable of breaking a vicious circle of indebtedness, which even he describes as "a mine floating out of control," few of Italy's economic experts feel that the problem is in any way under control.

The debt has had a multitude of negative effects on the economy, including the necessity to maintain high interest rates, leading to the elevated cost of money and reduced competitiveness for export industries.

Last October, the governor of the Bank of Italy, Carlo Azeglio Ciampi, expressed doubts about the effectiveness of the present government's economic policies, warning of the danger of inflation and rising interest rates.

This was just before the international stock market crisis. Since then, the government, in an atmosphere of uncertainty, is deciding whether to downgrade its proposed budget deficit from 105 trillion lire (\$87.9 billion) to about 103 trillion lire immediately, and gradually to reduce it to 100 trillion lire over the next 12 months.

It intends to do this by means of drastic cuts in the financing of such state services as health, railroads, telecommunications and electrical power. The government's refusal to honor earlier promises of tax relief is behind the present political turmoil and has led the major industrial unions to declare a half-day general strike next week. The present political uncertainty is causing

ing parliamentary delays that will lead, almost certainly, to an interim budget. This could provoke a potentially disastrous four-month delay in applying the intended deficit cuts.

The sheer size of the debt can be measured by the fact that 75 trillion lire, almost 65 percent of next year's deficit, has been allocated simply to paying off interest on treasury bonds.

This means that every month the Treasury has to pay back in interest on bonds almost 30 trillion lire. Added to this is 10 trillion lire in monthly interest payments on treasury bonds that will have to be issued to help cover next year's deficit.

The reasons given by Italian experts for the financial crisis are complex and often tend to be conditioned by political loyalties.

Senator Beniamino Andreatta, a professor of economics at Bologna University, the Christian Democratic president of the Senate Finance Committee and a former treasurer, largely blames the economic policies of the government of Italy's first Socialist prime minister, Bettino Craxi, from 1983 to last spring. During this period, the national debt/GDP ratio rose from 68.7 percent in 1983 to 85.5 percent in 1986. (By comparison, the U.S. public debt/GDP ratio at the end of this year is estimated at 51.6 percent.)

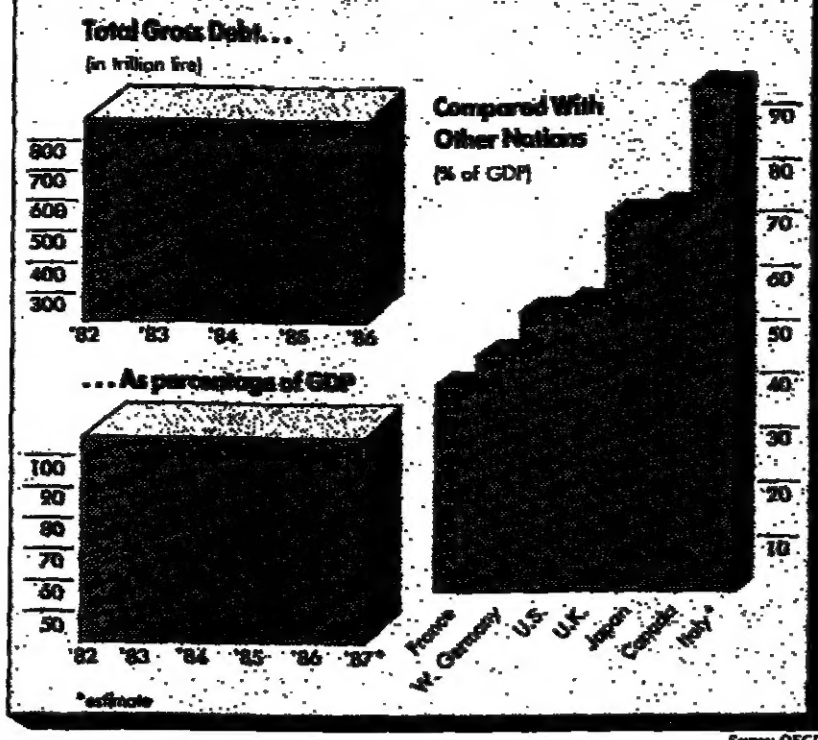
"The policy of Craxi in Italy," said Mr. Andreatta, "was a repetition of Reagan's policies, based on a high deficit. High deficits, of course, meant high interest rates, and these kept the lira in this period relatively strong. But, in fact, industrial production has been almost static, and, as in the United States, there has been a certain process of de-industrialization of the country."

"The end result," he said, "has been a vastly increased indebtedness. To give you an idea of its massiveness, the 40 trillion lire which we will have to pay off each month is almost equal to the entire West German budget deficit."

What Mr. Andreatta failed to point out was that his own Christian Democratic Party was the major partner in Mr. Craxi's coalition government and that the then treasury minister, Giovanni Goria, who has just resigned as prime minister, is himself a Christian Democrat.

Professor Luigi Spaventa, who holds the chair of economics in the School of Financial Statistics at Rome University, was an independent Socialist deputy during the Craxi years. Although often highly critical of the economic policies of the Craxi government, he is convinced that Italy's debt problem goes back to the early 1970s.

Italy's Heavy Debt Burden



"The story of our indebtedness began," he said, "in the early 1970s, when expenditure was soaring while taxes did not rise enough. The gap between the two began to yawn and since the early 1980s, the interest payment burden has been increasing very fast."

Professor Spaventa, in contrast to Mr. Amato and Mr. Andreatta, thinks that higher direct taxes would help solve the problem. "We must try in this way," he said, "to cut the primary deficit over the past three years by, say, three percentage points, which, let's face it, is not particularly dramatic. Then, hopefully, we can reduce the real interest burden of the debt by one or two points so that debt growth will begin to stabilize."

ALL THREE, however, agree that there are still many areas where cutbacks could reduce indebtedness. Much has already been done to clean up IRI and ENI, the state holding companies, which, in the 1970s, began to absorb thousands of ailing industries and to employ tens of thousands of people at a huge cost to the state. A mixture of reorganization and privatization has dramatically reduced losses.

But the mentality that led to these enormous losses is still very much alive. Although attempts are under way to reform the loss makers, like the Italian railroad company, which earns 3 trillion lire a year from tickets but pays out 8 trillion lire in salaries alone, progress is extremely slow. In some cases, the situation is worsening.

The health and pension services are in a disastrous state from the point of view of both efficiency and finance.

Attempts to stamp out corruption and malpractice show few signs of success. Between 1983 and 1987, the number of people with invalid pensions increased from 240,000 to 350,000. Most of these were granted by local politicians in Southern Italy to healthy people in return for the promise of a vote.

Meanwhile, the government is struggling, by gradually increasing interest rates, to raise money on the international market through treasury bonds. Ironically, the recent stock market crisis has created a renewed interest in these bonds.

Yet, despite the difficulties, something has been done to reduce the deficit, net of interest payments. Between 1985 and 1986, it was reduced from 46,679 trillion lire to 36,38 trillion lire, and this year the government hopes to reduce it to 35.8 trillion lire. These reductions are the result of successful measures to reform the state industrial holdings, an increased tax flow, cuts in such fields as health and a widespread curb on wage increases for state employees.

But such policies are costing a lot in political and social terms. The present outbreak of wildcat strikes in the state sector, particularly in rail and air transport, is the price being paid for trying to minimize wage increases.

DALBERT HALLENSTEIN, a Milan-based journalist, contributes to The Sunday Times.

Viewpoint

A Solid Economy Faces Government's Disarray

By Marco Borsa

MILAN — A foreign businessman returning to Italy for the first time since the height of its "economic miracle" about two years ago has reason to be shocked by what he sees: the lira under pressure, the Milan stock exchange at a two-year low, interest rates rising, a central government in seemingly permanent crisis, public transport crippled by strikes and labor unions in the private sector getting ready to take on management in a series of tough negotiations this fall.

But while the picture of stability and prosperity that Italy projected two years ago may be fading, the visitor will be reassured if he looks beyond the stock tables and the paralyzed airports at the balance sheets of Italian enterprises and the continued high level of saving by a large part of the population.

The country's private industries, with Fiat in the lead, have had another year of record profits, and the banks around the country are bursting with deposits from savers who have left the stock market and sold their long-term government bonds.

The Italian economy is still solid and full of vitality and ready to face the dreaded world recession that may well be the consequence of the recent collapse of the international stock markets. But in order to cope with coming difficulties, the economy must overcome its chief handicap: the inefficiency and general disarray of the economic and political institutions of the Italian state.

There is, first, the state's financial crisis. The public debt has risen by 56 percent in the last 10 years. Last year, it reached 88.6 percent of gross domestic product compared with 46.9 percent for Britain, 28.8 percent for the United States and 18.5 percent for France.

This year, the deficit rose above 100 trillion lire (about \$90 billion) and now amounts to 11.3 percent of the gross national product.

Put briefly, the Italian Treasury is close to insolvency, with all the consequences that this implies: pressure on the lira, high interest rates, the urgent need to raise state revenues steeply and to limit state spending as much as is politically possible, perhaps including even a cutback of the vital state investments for infrastructure and other purposes that the economy badly needs.

But the crisis of the state is administrative as well. In Italy, more than one-third of economic activity is directly dependent on decisions and actions taken by the central government.

The government controls IRI, the country's biggest industrial and financial holding company. It employs more than 450,000 people in activities ranging from banks, steel plants and shipyards to the food sector, the telephone company and the airlines. The government also controls ENI (oil and chemicals), ENEL (electrical energy), the postal services and the railroads.

The "economic miracle" of the last few years has affected only a small part of this huge state sector. Last year, the country's leading 1,291 private and public companies would have had combined profits of 7.4 trillion lire, more than four times the amount

of the previous year, if it had not been for the loss of 3.3 trillion lire incurred by 97 state companies.

In the last 10 years, the country's private companies have reduced their work force in a remarkable effort to streamline their procedures and increase productivity. In the state sector, however, the number of employees has risen from 2 million to 2.3 million in the same period, the main culprit being the postal service. Its work force grew by 30 percent while the time it took for a letter to go from Milan to Rome went from three to seven days.

During these same 10 years, the mass of Italians have been able to work and prosper despite the inefficiency and indebtedness of the state. But this is getting steadily more difficult and may soon no longer be possible.

The economy today requires major investments that only the state can provide for basic infrastructure, including ports, airports, railways, roads, energy and urban renewal. These investments are necessary in order to create new domestic outlets for Italian industries in the face of falling international markets and to improve efficiency in all sectors of the economy, including the vital field of public transport.

Massive public investments to create tens of thousands of new jobs, particularly in the southern regions where unemployment is highest, would also be a means to persuade the unions to refrain from making excessive wage demands in the forthcoming negotiations with private-sector companies.

THE government, the Parliament, industry, the labor unions and public opinion are increasingly conscious of the urgent need to restore the health of the national finances so that it will be possible to make the investments that are needed to maintain the pace of the country's economic development.

But it is clear that the political leadership will take the politically unpopular drastic decisions that are needed, such as cutting public expenditures and raising taxes and tariffs for public services, only if it is forced to do so by the pressure of events.

Italy's private companies were forced by the oil shocks of 1973 and 1979 to restructure and increase their productivity. It is possible that the current international financial crisis may provide the shock that the Italian state sector needs to put its house in order. The fear of a world recession and of a free-falling dollar threatening the future of made-in-Italy exports could or should be enough to spur the country's political leadership into action.

A devaluation of the lira combined with energetic measures to limit public expenditures and increase state revenues — which, in turn, would permit the lowering of interest rates — would be the prescription for giving a new impetus to the economy by the end of the year.

Failure to take action could compromise the future of the entire Italian manufacturing system. It would amount to permitting the inefficiency of the state once more to smother the vitality of the country's enterprises.

MARCO BORSA, a leading Italian financial writer, is the co-founder and former chief editor of Italia Oggi, a Milan financial daily.

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Expanding Giants Nourish Debate on Concentration

'The only real trusts in Italy are those owned by the state.'

By Sari Gilbert

ROME — Despite the general-ized industrial revival of recent years, the Italian private economy remains dominated by a handful of increasingly interdependent industrial and financial groups. The continuing concentration, along with expansion by big private business into new sectors, has stimulated an interest among many politicians in some kind of antitrust regulations.

Senator Roberto Cassola, a Socialist who chairs the upper house of Parliament's industry committee, is holding hearings on the question of industrial concentration. Italy is the only important industrialized nation with no specific legislation to regulate competition.

In part, the new move by some political groups toward such legislation reflects the approach of the 1992 European Community deadline for a unified industrial and financial market. But it also stems from growing concern over the interlocking connections of the major private industrial groups, their increased control over financial and media companies, and particularly among

leftist groups, over the increasing dimensions of Fiat SpA, the mammoth Turin-based group controlled by the Agnelli family, which is increasingly seen as Italy's dominant economic force.

The development of this kind of attitude is both ironic and unexpected in a mixed economy like Italy's, where for decades the state itself has held a monopoly in many key economic sectors.

"The only real trusts in Italy are those owned by the state, like air transport, railroad and mail service, and television news," said Luigi Lucchini, president of Confindustria, the Italian manufacturers' association.

Over the last year, relations between private industry and government have been strained, largely because of radically differing conceptions of economic policy, what Mr. Lucchini charges is government "inattention" toward industry's needs. But the mood of discontent was heightened earlier this fall when Fiat's managing director, Cesare Romiti, lashed out at what he termed "a resurgence of anti-capitalism."

"There is a Catholic matrix that sees

the profit motive as a sort of sin, and at the same time Marxist viewpoints have re-emerged on the left among those who have never accepted the fact that the merit for the country's progress goes to business," complained Mr. Romiti, in what was taken as an attack on Italy's three major parties, the government Christian Democrats and Socialists and the opposition Communists.

Many politicians reacted angrily to Mr. Romiti's speech, terming it arrogant and overbearing. And irritation in some circles was increased further when, earlier this month, Fiat withdrew from Telet, a major telecommunications joint venture with STET, an Italian public company, because of what appeared to be power-related differences over managerial appointments.

These developments have fueled concern in some quarters with the extent of Fiat's power. As a conglomerate that this year expects overall turnover to exceed 36 trillion lire (more than \$29 billion), the company's industrial interests go far beyond the automotive industry that is at its core (its ownership of Ferrari, Lancia, Autobianchi and Alfa Romeo, which it bought from the state earlier this year, enables Fiat to control more than 60 percent of the Italian car market).

Today, Fiat produces airplanes, tractors, car components, robots, digital radio bridges, cardiac stimulators and railroad systems, and after a recent joint venture with France's BSN, also has interests in pasta and mineral water production.

But what some Italian political groups find much more worrisome are the company's interests in insurance, advertising, financial products, banking and retailing. In particular, hickies have been raised by the conglomerate's control, direct and indirect, of two major dailies, La Stampa of Turin and Corriere della Sera of Milan, and a top sports daily, Corriere dello Sport. Together, they represent almost 24 percent of Italian newspaper circulation.

And now there are rumors that the Agnelli family is considering using Rizzoli to get into television through a 50 percent option on Telemontecarlo, the Monte Carlo-based station that broadcasts to Italy.

"There is no other country of the size and economic importance of Italy

where a single industrial group has so much power that it can influence all the key decisions of industrial policy," said Eugenio Peggio, economic planning chief for the Italian Communists. Although a date has yet to be set, the party has announced a conference on the extent of Fiat's power.

Mr. Cassola, who is holding the parliamentary hearings, said he finds Fiat's expansion into finance and publishing "a bit frightening." But he also stresses that the questions at stake go beyond Fiat's physical size. Vertical expansion or concentration is one thing, he says, but horizontal expansion is more worrisome, and in Italy it raises several serious issues: whether ownership by industry of newspapers, banks or insurance is proper.

Because of both the explosion of Italy's financial markets and a general climate that has favored privatization, the map of Italian economic power has changed significantly. A study conducted a few years ago by Mediobanca, the powerful part-public-private Milan merchant bank, showed that in Italy there were only 39 companies with an annual turnover of over 1 trillion lire. Of these, only 13 were private firms, with Fiat almost twice as big as the next largest private company, which at the time was Esso Italiana.

TODAY, the map shows the emergence of four principal private centers of power, the Agnelli, Raul Gardini of Ferruzzi, which now controls the chemical giant Montedison, Carlo De Benedetti, chairman of Olivetti and head of the CIR holding company, and television-press mogul Silvano Berlusconi.

But these groups and other key private groups are so increasingly linked together that some Italians find it hard to view this strengthening of private economic power as an authentic broadening of the country's capital base.

Mr. Lucchini insists that this is a positive development. "We need to coalesce, to form synergies, because only companies of a certain dimension can afford the kind of innovation we need to be able to compete in European markets."

Furthermore, he said, only about 100 of Confindustria's 110,000 member companies could really be classified as big. Nevertheless, it is precisely the growing strength of some private industry that has raised the question of regulation.

Italy is the only important industrialized nation with no specific legislation to regulate competition. "In the past," said Mr. Cassola, "the

The Big Four



Carlo De Benedetti, the chairman of Olivetti.



Umberto Agnelli, deputy chairman of Fiat.



Silvano Berlusconi, the television-press mogul.



Raul Gardini of Ferruzzi, which controls Montedison.

question didn't come up because private business was more than balanced by the strength of IRI," the giant state holding company that used to own Alfa Romeo and still owns close to 1,000 companies, including Alitalia, STET and RAI, the state radio and television network.

Now that IRI has begun selling some of its assets — three IRI banks are also planning to reduce significantly their controlling share in Mediobanca — and the once powerful Italian unions have lost a lot of their clout, private industry may need greater regulation, he said. With a consensus emerging on this issue the question is how.

Besides Mr. Cassola's hearings, the Communists have presented a bill that would require industrial groups to provide full disclosure of their holdings. Meanwhile, Senator Guido Rossi, a

former head of Consob, the stock exchange control commission, is working on a bill that would use an independent authority to examine industrial holdings from the consumer's point of view.

In addition, early in November, Industry Minister Adolfo Battaglia, a representative of the small, business-oriented Republican Party, renewed the mandate of the so-called Romani Commission, a body of top economists, businessmen and legal experts, and instructed them to follow up a 1986 report on the principles involved with concrete guidelines for a law guaranteeing the conditions for genuine competition.

SARI GILBERT, a journalist based in Rome, is a regular contributor to The Washington Post and The Boston Globe.

Clothing Exports Feel Pinch of Dollar's Fall

ROME — When top Italian clothing producers gathered in Milan last month for the 10th anniversary of the MO-DIT Made-in-Italy showings, there was ample cause for rejoicing. Turnover for clothing and knitwear during the preceding decade had increased 311 percent overall and 91 percent in real terms.

Since 1977, observers noted, total sales of Italian women's clothing and knitwear had risen from 2.7 trillion lire (\$2.24 billion) to 11.2 trillion lire in 1986. Furthermore, in the same period, exports of women's wear grew from 969 billion lire in 1977 to 4.8 trillion lire in 1986 — an increase of 405 percent, or 184 percent in real terms.

In 1986, total sales of all knitwear and clothing reached 25.4 trillion lire, and exports, 11.4 trillion lire.

But behind the good news, there was worry that Italian-made exports of clothing, knitwear and leather goods have entered a period of decline, a situation that could worsen amid the disarray in the world's financial markets.

"The situation is looking increasingly bad," said Adriano Benvenuto, managing director of the Milan-based Italian Clothing Manufacturers' Association.

He reported that in the first seven months of this year, clothing exports dropped by an overall 7 percent. Men's clothing, which is more vulnerable to competition because its classic styles have less high fashion content, suffered greater losses (down 11 percent) than women's wear (down 2 percent).

There were some healthy increases in exports to West Germany (up 8 percent) and Japan (up 26 percent), he said. But these were more than offset by losses from declining sales to, among others, the United States (down 9 percent), the United Kingdom (down 8 percent) and France (down 6 percent).

Such a development cannot be taken lightly. Over the last several years, exports in general have played an increasingly important role in overall Italian economic performance.

Total exports, equal to 145.3 trillion lire in 1986, have represented close to half of total Italian manufacturing in recent years. But during the last 18 months, the decline of the dollar and the reduced revenues of oil-producing countries have played havoc with Italian exports.

The latest statistics show that poor terms of trade, the shrinking dollar and consequent declining competitiveness have combined with inflation and growing imports to give Italy a trade deficit of 8.5 trillion lire for the first nine months of this year. The figure is double that of the same period of 1986.

About 43 percent of women's clothing and knitwear production now goes to exports. Together with leather products and textiles, clothing represents the second largest sector in exports after engineering products; in 1986, this sector accounted for 20 percent of the total value of Italian exports. Producers are now faced with the challenge of maintaining their share of foreign markets.

"The problem," insisted Rome clothing producer Enrico Modigliani, "has little to do with the appeal of our styles or the quality of our products. It primarily reflects the decline of the dollar, which makes our customers less willing to spend." Mr. Modigliani's factory outside Rome produces both Fendi's ready-to-wear women's clothing and his own Contini line of high-priced men's trousers. Contini exports to the dollar area, he said, have dropped along with the dollar, 20 percent in 1986 and 20 percent this year.

ITALIAN shoe producers, who export 82 percent of their output, are faced with a similar situation. After a record year in 1985, when total sales reached 9.5 trillion lire, overall exports are now down 7 percent.

And according to Leonardo Sonza, managing director of ANCI, the Milan-based association of Italian shoe manufacturers, in the first eight months of this year exports to the dollar area, to which a fifth of Italian shoe exports are directed, have dropped by 25.3 percent in quantity and 21.5 percent in value.

The recent revaluation of the mark has also given a boost to leather exports to West Germany, which is Italy's single best customer. But the shoe industry has other, deeper problems. High labor costs, at current exchange rates over \$12 an hour, and a shift in consumer tastes toward leisure footwear have meant a worrisome surge in imports from countries like Brazil and Taiwan.

Paolo Lombardi, head of the Italian Knitwear Producers' Association, agrees that imports, particularly from the Far East and Turkey, are a major threat. Imports of outerwear grew by 40 percent in the first eight months of the year. But with Italy still the world's major knitwear producer and exporter, he is guardedly optimistic.

To meet the new challenge, clothing and leather producers are trying to contain prices and improve services, but they appear unanimous in their determination not to cut quality, which, as one manufacturer put it, is "our country's principal calling card."

Sari Gilbert

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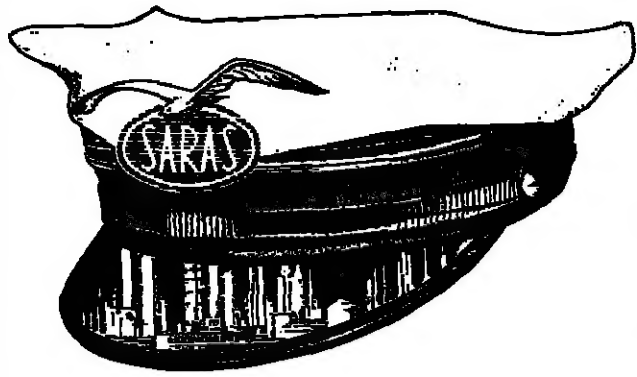
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Voters Are Losing Patience With Politics as Usual

Continued from page 7

fall early in summer, many months before the rest of the world markets, because foreign investors withdrew in the face of another political crisis.

There is a feeling, as one Milan entrepreneur put it, that the country's private industries have gone as far as they can without support from the nation's political leadership; that they have modernized their factories, cut costs, increased productivity and found new products and new markets.

Now, he added, the time has come for the politicians to do their bit — to bring down the deficit, cut some of the fat out of the huge state sector of the national economy and make the investments in basic infrastructure that are desperately needed.

Mr. Gorla said recently that Italian industrial goods were competitive in world markets when they left the factories but overpriced by the time they had reached the border.

And Giuliano Amato, the treasury minister and a Socialist, whom critics had accused of Reaganomics or even Thatcherism, compared himself with Mikhail S. Gorbachev instead.

The problem of Italy's state sector is not one of economic theory but of organization, management, lagging equipment and national attitudes, he said in an interview. In 1987, he said, the national railroads, for instance, will have 3 trillion lire in revenues from users but will spend 8 trillion on salaries, with only 10 percent of the nation's freight using the rails and the rest going by road.

Prominent figures in business, includ-

Single-issue politics have begun to break down the permanent ideological divisions.

ing Francesco Micheli, the Milan banker, have warned that a recession has become all but inevitable in Italy. Last week, the leadership of Confindustria, the national industrialists' organization, berated the central government for failing to act in the face of the coming economic crisis.

Beneath the surface events of the last few weeks and the reactions they are causing lies a clash of two entirely different ways of playing politics.

One is the way the country's traditional political parties, and especially the Christian Democrats, the perennial government party, have been playing the game for the last 43 years. And the other is the way Mr. Craxi would like to play it, by going directly to the voters and avoiding the crippling compromises among the dominant parties.

Ever since the war, the ultimate power in Italy has been wielded not by individual men but by the political parties. The politicians who succeeded each other as ministers and prime ministers most often were chosen not for their national stature and professional ability but because they reflected the balance of power of the moment within their respective parties, most particularly between the quarrel-

some factions that make up the Christian Democratic Party.

The guidelines for national policy were set not by governments or Parliament but hammered out in smoke-filled rooms inside each party, then renegotiated among the parties before being sent to Parliament or the cabinet.

In the spring of 1978, when Italy went through the most convulsive period of its modern history, during the 34 days between the abduction and the killing of Aldo Moro by the Red Brigades, the prime minister, Giuliano Andreotti, never once addressed the nation. The spokesman for the leadership, what Italians call the "political class," was Benigno Zaccagnini, the secretary of the Christian Democratic Party, who met daily with his counterparts from the other parties. Together, they decided not to negotiate with the terrorists, not even to save Mr. Moro's life.

There have been breaches in the supremacy of the parties in recent years. Italian voters have begun to show an unaccustomed flexibility, shifting allegiance from one party and one man to another instead of sticking to ingrained voting habits and lifelong party loyalties as in the past.

Single-issue politics, a new phenomenon in Italy, has begun to break down the permanent ideological divisions, such as left versus right and Catholic versus secular. Voters, and some politicians, have become more pragmatic. More people now vote "yes" and "no" against the advice of their parties on such issues as nuclear energy and on holding judges accountable, as shown 10 days ago in no less than five referendums, a form of popular consultation that is becoming more frequent.

Mr. Craxi has become the foremost practitioner of the new style — not surprisingly.

His party is a perennial poor third behind the Christian Democrats and the Communists. Even his three and a half years as prime minister added only three percentage points to the Socialist vote, which now stands at 14 percent of the vote.

The Christian Democrats have come down from their fabulous heights of 48 percent in the late 1940s but still polled 34 percent of the vote in the last election. The Communists are a shadow of their former selves, strife-ridden, with no clear policy or ideology, and have lost their once nearly total domination of the big cities. But they remain the country's second party, with more than a quarter of the vote.

Mr. Craxi's objective, according to one of his closest lieutenants, is to become the focal point of a "different coalition" with the Christian Democrats as a junior partner or without them. He hopes to increase the Socialist vote to 20 or more percent and then find men and groupings willing to rally around him and play the game his way.

He is thinking of the Greens, a new party in Italy, and of the Radicals, an ill-defined party of mavericks headed by Marco Pannella, the only other politician who has made a habit of appealing to the voters over the head of their parties.

Mr. Craxi is betting on the decline and eventual breakup of the Communist Party.

"The Italian Communists are the only Communist party in Western Europe that still has more than 25 percent of the vote and nobody knows what will happen to the party when it falls below that figure," said Mr. Amato. "It's a bet," he added with a smile.

The Christian Democrats, too, are a declining party, but their fall from power has been wrongly predicted many times. Their leaders are old and show the wear of their long years in power. They are divided and drifting. After having lost the prime-ministership first to Giovanni Spadolini, a Republican, and then to Mr. Craxi, they insisted on taking it back this summer with Mr. Gorla. But having regained it, they did not know how to use it.

Mr. Craxi has continued to dominate the scene from outside the government. His *decisismo*, the habit of being and sometimes merely appearing decisive, has provoked both apprehension and smiles. Forastini, a popular cartoonist, always draws him in uniform striking Mussolini-type poses. But he is helped by the feeling that many Italians now have that "politics as usual" is no longer adequate to govern a modern nation.

HENRY TANNER is on the staff of the *International Herald Tribune*. He was Rome bureau chief for *The New York Times* from 1977 to 1982.

In Spite of Progress, the South Is Bedeviled by Old Problems

Continued from page 7

year, the figure for the South was 59.2 percent of that of the rest of the country.

Most of Italy's unemployment and underemployment is still concentrated in the Mezzogiorno. Pollution and the unregulated boom of the construction industry have almost destroyed the urban and natural environment, whose beauty inspired Goethe to write that Italy south of Rome was "a paradise inhabited by devils." Political corruption, economic crime and the Mafia are some of the most flourishing and deep-rooted institutions.

The enduring underdevelopment of the Mezzogiorno has often been explained only in terms

of lack of private and public investments.

Many economists and politicians feel that the central government should provide large-scale incentives to small and medium-sized agricultural and industrial enterprises in the South and revive ambitious plans for investments in large public works, such as a bridge over the Messina straits between the tip of the Italian boot and Sicily as well as the restoration of historical sites in the large Southern cities.

Such state intervention, it is argued, would provide an impetus for self-sustaining autonomous growth in the Southern regions. And this, in turn, would lead to an increased number of "clean" enterprises that could free themselves from the stranglehold of the Mafia and the camorra and would

provide more decent jobs for young Southerners who at present are tempted by the easy money offered by criminal organizations.

But this argument is faulty because it disregards some of the hard evidence. Today's urban and environmental disasters in the Mezzogiorno, the spreading corruption and the power of the Mafia have in many cases been enhanced rather than limited by the injection of central government funds after 1950. Criminal groups linked to political factions have been able to appropriate important sums of money coming from public agencies in agriculture, real estate development and the banks.

Last year, the deputy director of the largest state-controlled bank in Southern Italy was arrested on suspicion of having given loans of up to \$40 million to one of the

most important organized crime groups in the Campania, which includes Naples.

Last March, almost the entire board of directors of another state-controlled bank, the largest in Calabria, was arrested on charges of compromising the bank's stability by lending large amounts of money to insolvent but well-connected businessmen.

A Sicilian investigative magistrate, Giovanni Falcone, wrote in a famous summation that Mafia families control Palermo's entire construction industry through intimidation of competitors and a monopoly on public tenders.

These and other examples reflect a situation in which market freedom is often sacrificed to the advantage of small but compact coalitions among political, economic and criminal groups.

Moreover, there is the silent and little noticed phenomenon of the flight of "clean" capital from Mafia areas to other parts of Italy, both South and North. Many businessmen do not want to expose themselves to competition from Mafia enterprises, to extortion or kidnappings, and choose to invest their profits in "safer" regions instead.

The Mafia presence in Southern Italy has also led to the cancellation of foreign investments and their diversion to other parts of the Mediterranean.

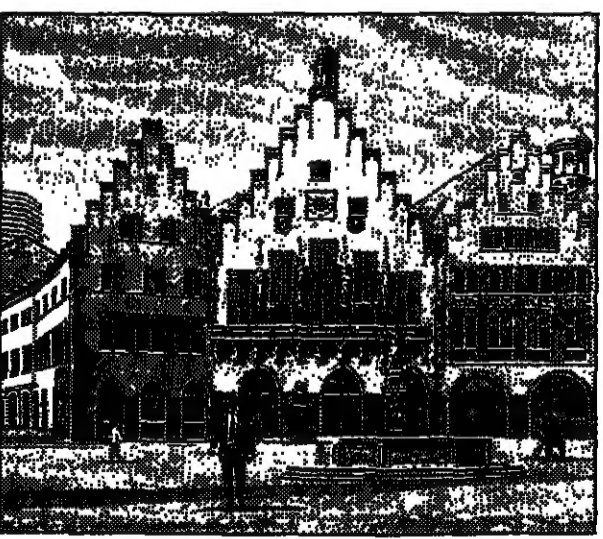
In conclusion, it may be said that the biggest obstacle to the economic development of Southern Italy still lies in the presence of the Mafia and corruption rather than in the low level of public investments.

While continued heavy investment by the central government and Northern industries is undoubtedly needed, it is no coincidence that the only Southern regions which have shown economic growth rather than stagnation during the last 15 years, the Abruzzi and Apulia, have also had the lowest level of economic and organized crime in the South.

And the small islands of agricultural and manufacturing development within the Mafia-ridden regions of Calabria and Sicily have only been found in non-Mafia enclaves.

PINO ARLACCHI, a native of Calabria, is associate professor of applied sociology at the University of Florence. His most recent study is entitled "Mafia Business."

Come to Italy.



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With its international network, expertise and tradition, the MPS Banking Group is prepared to handle your every banking need anywhere in the world. Our offices in New York, London, Paris, Moscow, Frankfurt, Singapore, Cairo and Sao Paulo offer you all the advantages and services that only a large banking group can provide.

Our group figures need no comment. They speak for themselves: total deposits of 64,396 billion lire, profits of 322 billion lire, over 16,000 employees and 773 branches throughout Italy. Wherever you find Monte dei Paschi di Siena, Banca Toscana, Credito Commerciale, Credito Lombardo and Italian International Bank, you can be sure to find a highly professional and reliable banking organization. And you're welcome at any of our offices. Welcome to Italy.



CORPORATE FINANCE ASSET MANAGEMENT AND INVESTMENT BANKING

IMI is the leader in Italian corporate finance, specializing in medium and long-term credit. The IMI Group is also a leader in merchant banking, personal financial services and asset management. Because of this, our clients can take advantage of a unique combination of corporate financial services of the highest quality (including commercial banking, security and equity investment and capital market

Consolidated Highlights at March 31, 1987

(Dollars in millions)

| | |
|-------------------------|--------|
| Outstanding loans | 21,959 |
| Assets under management | 18,538 |
| Shareholders' equity | 2,940 |
| Allowances for losses | 562 |
| Net income | 465 |

(1 U.S. \$ = 1,286.9 lire)

services). In establishing its presence in the international markets the IMI Group has formed merchant banking subsidiaries in the United Kingdom - IMI Capital Markets (UK) Ltd. - and in the United States - IMI Capital Markets USA Corp. These subsidiaries, as well as a range of other subsidiaries, are controlled by IMI International S.A., Luxembourg (whose capital amounts to \$ 250 million).

ISTITUTO MOBILIARE ITALIANO

Head Office in Rome, Viale dell'Arte, 25

هكمن النحل

Usual

is thinking of the Greens, a tiny party in Italy, and of the Radicals, a party of mavericks headed by Romano Prodi, the only other politician who has made a habit of appealing to the masses over the head of the ruling establishment. Craxi is betting on the decline and eventual breakup of the Communist Party.

The Italian Communists are the only communist party in Western Europe that has more than 25 percent of the vote. Nobody knows what will happen to the party when it falls below that figure, says Mr. Amato. "It's a bet," he adds with a smile.

The Christian Democrats, too, are a fading party, but their fall from power has been wrongly predicted many times. Their long years in power, they say, have led them to drift. After having lost the prime-ministership first to Giovanni Leone, a Republican, and then to the center-right coalition led by Mr. De Michelis, they did not know how to use their scene from outside the government. Sometimes merely appearing to be in command, they evoked both apprehension and admiration. A popular cartoonist, always dressed in uniform striking Mussolini's poses. But he is helped by the fact that many Italians now have the feeling that "as usual" is no longer adequate to govern a modern nation.

HENRY TANNER is on the staff of the International Herald Tribune. He was once bureau chief for The New York Times from 1977 to 1982.

Problems

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PINO ARlacchi is a senior editor at the International Herald Tribune. He has written for the New York Times and the Washington Post.

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ALIANO

WE STARTED WITH A BIG IDEA.



TBWA



هكتار من النخيل

THEN WE LET NATURE TAKE ITS COURSE.

In 1919 Fredrik R. Bull started with the seed of a good idea. To produce a more efficient statistics processing tabulator.

Nearly seventy years later Groupe Bull is in the same business of data processing and communications. Though of course, the business now is light years away in terms of sophistication, innovation, application and breadth.

Bull is now an international business, operating in 75 countries with 26,800 employees (without counting Honeywell Bull Inc.). And it is the second largest sales network in the world.

This remarkable success hasn't happened just by accident. It has taken careful nurturing.

In particular the last three years leading up to the recent agreement with Honeywell and NEC have proved the most fruitful.

We knew then that we had a unique opportunity. We could provide the market with a genuine alternative source for all their data processing and communication needs.

But to do this we needed support. It was then that we hit on the solution. A very simple formula.

BULL AND ITS CUSTOMERS A WINNING TEAM.

By working with our customers on their individual problems, together we could not only produce adequate solutions, but also we would benefit from having a deeper understanding of the market needs.

So the first objective was for Bull to become flexible enough to be able to respond effectively to the individual needs in an international market.

To achieve this we decided to develop inter-communicating systems that were not only adaptable in the extreme, but that respected our customers' freedom. In other words, systems that would allow any individual workstation to plug directly into other data processing, telematic or office automation services on the system.

Everything that we have done for years in terms of development has been done in line with this strategy.

CUSTOMERS' FREEDOM.

The competitiveness of a company today depends on the quality of its people and the uses made of its capital of information. By developing systems that can communicate more freely with each other, Bull brings its customers more efficient circulation of, but also interaction with, their total capital of information.

For Bull's customers, this greater freedom to communicate means greater freedom to choose, to combine and, ultimately, to grow.

Freedom to choose among large and medium systems, among scientific and industrial minicomputers, among distributed data processing and office automation systems, among professional micro-computers.

Freedom to combine, allowing Bull's products and systems to be integrated into existing structures, even those made with material from other manufacturers.

Freedom to grow, because Bull is dedicated to adapting itself and its solutions to the evolution and growth of its customers.

THE TREE OF COMMUNICATION.

To symbolize Bull's commitment to communication, growth and flexibility, the tree was a natural choice. Constantly evolving, with its roots in solid ground and its branches reaching for the sky, the tree is present throughout the world, in as many shapes and sizes as there are businesses and organizations.

Small trees, like small systems, need to be nurtured in order to grow. And as they grow, circulation, be it of information or of life-giving sap, is of the utmost importance.

To do this, the tree must draw on all the resources in its environment. The larger the tree - or the system - grows, the more it must communicate, interact and exchange, across time and across space.

This growth happens naturally, but not always predictably, and it is Bull's strength to have understood that companies need the freedom to expand in a way that is germane to their specific concerns and needs.

HONEYWELL BULL INC.: A NEW DIMENSION.

Growing out of our aim to put Groupe Bull at the forefront of the world computer market by 1990 was our agreement with Honeywell and NEC to form Honeywell Bull Inc.

This not only gives us the complete spectrum of computer hardware and software we need for the benefit of our customers. But it will also add considerably to our detailed understanding of the global market, and give us a worldwide presence and size to face market requirements.

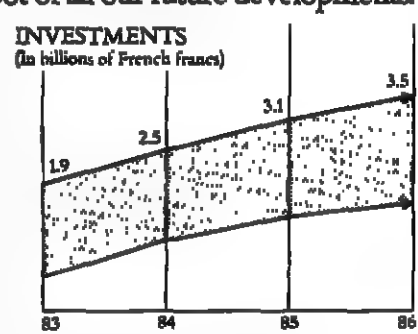
For Groupe Bull, control of Honeywell Bull Inc. is furthermore an outstanding opportunity to complete its European presence and gain access to the US market by benefiting from the close ties established between Bull's teams and those of Honeywell over the past 17 years.

In the light of this agreement, the expansion of co-operation with the Japanese group NEC is in keeping with Bull's strategy of alliances in which it is presently engaged with European industrialists.

PREPARING THE GROUND FOR FUTURE GROWTH.

Heavy commitment to a continuing program of research has to be at the root of all our future developments.

Our program is as deep as it is broad to give us the strongest of foundations. And it is carried out in line with our strategy of cooperation in partnership with both university and industrial laboratories.



So, for instance, in conjunction with other major European computer companies, we are exploring the area of artificial intelligence and the products that can be developed from it.

We are involved with our customers to help them improve the efficiency of the software they have developed themselves.

We are part of a consortium that has developed the software now adopted by the European Esprit program.

In fact, on the Esprit program alone, we are participating in over thirty projects with more than a hundred different partners in industry and the universities.

FRUITS OF PROGRESS.

True to its goal to remain in the vanguard of technological innovation, Bull is constantly seeking out new and better ways to meet its customers' information processing needs. Examples of this commitment to developing solutions are to be found in the products Bull has recently introduced.

In the area of general purpose data processing, for instance, Bull's new DPS 7000 midframe computers are a case in point.

The result of an ambitious program of research and development, Bull DPS 7000 is a departmental system which combines versatility with ease of operation. Already, it has gained the respect and admiration of computer professionals the world over. As a matter of fact, the Bull DPS 7 range of systems was given top ranking in the 1987 Datapro Research Corp. report on user satisfaction in the U.S.



NOW WE'RE SPRINGING UP ALL OVER THE WORLD.

Or, in the area of minicomputers, the new Bull DPS 6 Plus is a state of the art product particularly well suited to the fields of communication, office automation and telematics.

The Bull DPS 6 Plus not only represents a giant leap forward in terms of flexibility and ease of use, but is specifically designed for the rapidly evolving concerns and needs of its users. In this, it embodies one of Bull's key precepts: continuity through adaptability.

On a somewhat different – but no less important – scale, Bull has developed the Bull CP8* electronic micro circuit card.

With its indelible logic memory and microprocessor, the Bull CP8* card can be used to control access to central computers and data bases, while protecting the privacy of data transmitted over public and private networks in remote data processing and telematic applications.

Already in use as a means of electronic payment, the Bull CP8* card also provides the possibility of creating portable individual files, containing personal and confidential data.

With these products and others, Bull is steadily and continually branching out into the future. * Innovatron Licence patent.

BRINGING IT ALL TOGETHER.

Not only present but vitally active in the four main areas of information processing, Bull has amply proven its ability to come up with creative, coherent and relevant solutions. Whether it be general purpose data processing, scientific and technical data processing, distributed processing and office automation or professional micro-computers, Bull offers well-rounded ranges of products to its customers.

Like the branches of a tree, these four areas couldn't exist coherently without a system of circulation, enabling them to work together within a single network of information. Bull's ISO/DSA network architecture does just that.

Developed in line with international standards, ISO/DSA is designed to allow the various systems to communicate within homogeneous or mixed networks.

This is just one more way that Bull guarantees its customers freedom of choice. With ISO/DSA, from the smallest network up to the largest, smooth evolution is ensured, even with structures involving elements built by other manufacturers.

At Bull, we've understood that intercommunication is what holds a sound information processing system together.

TRAINING FOR MORE FRUITFUL RESULTS.

In one way, our business is all about intelligence. And that is a human ability which is totally dependent on the quality of our international staff. A team of 26,800 men and women.

We believe the more we help these individuals develop their talents, the more we encourage them to cooperate and to work as a team, the more it will benefit our customers, ourselves and our staff.

To this end, Bull created a special quality control division in order to ensure no-fault performance at every level of the group's operations. Each of Bull's 26,800 employees, from the receptionists right up to top management, has taken an extensive quality training program to guarantee Bull's customers complete satisfaction, whatever their specific needs or requests might be.

As we believe so strongly in working in partnership with our customers, we carry out a multinational annual survey of customer satisfaction with the aim partly to correct any faults in our services, but mainly so that we can anticipate any changes in their needs.

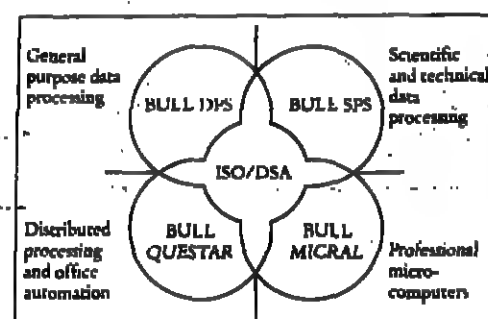
THE SWEET SMELL OF SUCCESS.

The policies which were first implemented in 1983 are beginning to bear fruit. The financial situation continued to improve during 1986. Net profit was up more than two and a half times over the previous year: FF 271 million in 1986 compared to FF 110 million in 1985.

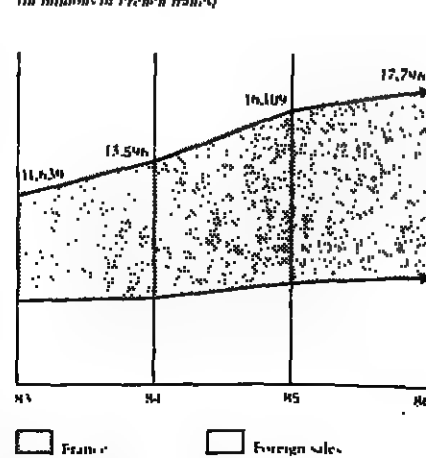
Revenue was also up, 10.5% to FF 17.8 billion, including FF 6.1 billion realised outside France.

Cash flow represented 9.8% of revenue and was up to FF 1,741 million in 1986 against FF 1,318 million in 1985.

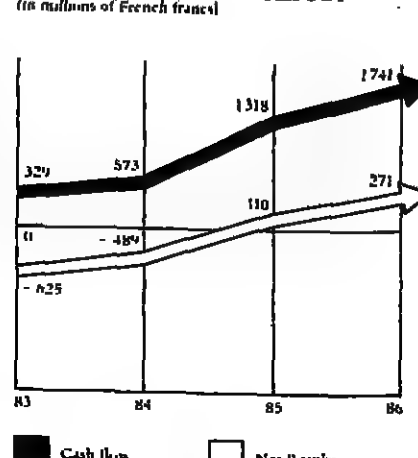
Bull and its customers indeed form a winning team. Bull. The tree of communication.



WORLDWIDE REVENUE
(in millions of French francs)



CASH FLOW AND NET RESULT
(in millions of French francs)



Bull

هكزا من التحويل

ARTS / LEISURE

Musical
Flight
Of Pan

By Sheridan Morley

LONDON — Christmas is coming a little early to the West End. With the welcoming reopening of the Cambridge after three years we get a return flight for "Peter Pan," not the J.M. Barrie original but the Broadway musical that Mary Martin made her own more than 30 years ago.

This has the advantage of George Cole who, though implausibly Eton and Balliol, unusually manages to be as good a Mr. Darling as he is a dastardly Captain Hook.

But in order to build in 15 numbers by a quintet of vintage New York composers and lyricists (Moose Charlap, Carolyn Leigh, Jule Styne, Betty Comden and Adolph Green) the plot has had to be gauged. With the cuts has flown a lot of the original and sinister mystery of the Never-Never Land and its shadowy inhabitants. Even so, as Peter and the three Darling children first take wing into a startle



Carol Drinkwater and Dinsdale Landen in "Dangerous Obsession."

night sky, there is a moment of such utter and total magic that I'd recommend the Cambridge for every family outing into the West End between now and the end of January.

only other character in the cast list, though one fervently hopes when a doorbell later rings that whoever it is, he be only a passing stagehand.

Watching three hardworking actors (the others are Carol Drinkwater and Jeremy Bulloch, who both achieve a kind of intermittent adequacy) fervently trying to breathe life back into a script that has died of inertia early in Act 1, while locked together in a set by Shelagh Keegan where the most exciting possibility is to watch the plants grow, does at least concentrate one's mind on certain suspenseful questions. The main one is whether the management could be had for fraud for billing this as a "gripping new thriller."

THE LONDON STAGE

will be allowed in for a drink and a bit of a chat.

Falling such excitement, it transpires very slowly that a car crash and a possible killing are now to be avenged. Dinsdale Landen, a superb actor here defeated by a part that has been not so much written as assembled from leftover bits of old "Psycho" movies, plays the stranger whose plan of action often seems rooted in the belief that if he

The Jazz Singer, Not the Pain

By Mike Zwerin

PARIS — Manda Djin Bonard, starting at the Folies Bergères, injured her knee recently during a lift. She is in pain and must have daily therapy, but this comes out more as an explanation why she cannot be interviewed in the morning than as a complaint.

Brought up to believe that "when you're black you have to be better," she went to a Catholic high school in Brooklyn that was "90 percent Irish, 10 percent Italian and me. I was the one they chose to draw pictures on the blackboard for Easter. I sang the Christmas carols. I was the token artist, the token everything. I had a fight about every other day but they couldn't throw me out because I had the best marks."

She never had to learn dancing. Dancing was something she just did. Out of school, she worked in East Coast nightclubs with Mike Quashie's Afro-Cuban dance group. On one small stage in New Jersey, most of the room was taken up by 10 steel drummers. One night she backed up one step too many. She hit the floor sitting, remembers saying "some silliness like 'the show must go on.'" climbed back and went through her entire routine again in a state of shock. Then they took her to the hospital.

Though she could hardly walk, she carried groceries up six flights. "I don't know where my friends were," she recalls. "Maybe I didn't have any." The beveled smile that follows only hints at the mental anguish of someone who "just went someplace and danced all night long. I'd rip my stockings, my hair was flying. I was drenched with sweat. Dancing was probably the reason I never took drugs or went off the deep end."

She would rather accentuate what happened after the fall. As it dawned on her that she could no longer hope to become a ballerina, she tried to cancel a scheduled Judson Hall recital. "I can hardly walk," she told the promoter. He said, "You can sing, can't you?"

We'll carry you on stage and tell the audience about your accident but you're such a trouper you insisted on coming anyway." She called a bongo player and a guitarist from the Quashie group, propped herself on a stool and sang the African chants and calypsoes she'd been dancing to — and she knew "Sumertime."

An agent who had come to see her dance heard that she could sing and booked her into a club in Connecticut for two weeks. She opened with the bongo and the guitar. She still could hardly walk. When the



Manda Djin on stage.

night was over, the owner said he wasn't into bongo and guitar and he asked them not to return.

Two days later he called to apologize, the customers were asking for her. They returned, and what happened next is "like a fairy tale," she recalls. An antique dealer in the audience offered to be her sponsor for a year. She could do what she liked — blow the money or use it to help her become a singer. No strings whatsoever. Then one day the year was over.

She had no wardrobe and no work but she knew Mongo Santamaria from her dancing days and he hired her for a Monday night in the Village Gate. An agent named Harry Columby happened to be in the audience. "I don't know what to do with you but I'd like to try," he told her.

Her name was then Bonanno, the name of her first husband. Columby was reading a biography of Pierre Bonnard at the time. "Bonnard has a nice ring to it," he said. "One n."

Columby's only other client was

Thelonious Monk. He booked Jean Bonard on Monk's circuit. She found herself singing with "hotshot musicians" like Tommy Flanagan, Ron Carter, Sonny Sitt, Clark Terry and Duke Jordan. And the jazz world can be intensely sexist, particularly when it comes to "chick" singers, who are resented as unfortunate commercial necessities. She remembers one pianist who would play the introduction to some other tune in another key and her ears would "stretch and tremble" trying to find the first note.

When a performance just wasn't working, she could always be funny. Clowning would make the audience laugh and the musicians snicker. So when Columby admitted he wasn't really right to direct her career and introduced her to another agent, she was not sorry.

The new agent booked entertainment for hotels in the Far East and South America and she put together a jazz-oriented song, dance and comic routine and left for her first gig in Japan. She went along with her music. It was her first trip

abroad, she didn't speak the language, and she had to rehearse the musicians herself.

"Another new experience," she laughs now, but it was no laughing matter for a sensitive black woman to be the leader of men in a strange place in what can be a tacky business. She talks about it without rancor, but we can imagine.

"There was always a hang-up about the sex part of what I was doing. When I was dancing I could do beautiful African head-rolls and isolated body movements. When you're dancing like that in a nightclub, there's always going to be a guy who says 'I love the way you move' with, you know, innuendo. When I became a nightclub act, people wanted me to wear a tight dress, low cut, show cleavage. Even singing jazz, people are interested in your legs, your bust, your rear. There's this whole stereotype about being a black woman in show business; trying to fight that image is tough.

She played the resort hotel circuit for 10 years — Caracas, Lima, São Paulo, Aruba, Bermuda, Jamaica, Singapore, Tokyo, Manila; it wasn't bad, but it was not leading anywhere. The worst of it was being based in New York, where she watched "several people I know being destroyed by alcohol and drugs."

She had to get out of New York. New York is a good place to get out of, and Paris is perfect to "find yourself." Of course she also knew about the Josephine Baker myth and of the popularity of female Afro-American performers here. The myth turned out to be reality — she was soon working seven nights a week in over 100 restaurants and saloons and, earlier this year, when the star of the Folies Bergères fell ill, Manda Djin, as she is now (top) billed, passed the audition by singing "J'ai deux amours" in French and "My Man" in English, though she had never sung either of them in public before.

So now she finds herself in a place of thighs, breasts and shapely bottoms, which is ironic because none of them are hers: "Here I am working in this place surrounded by all these, well, you know, bodies. And it's one of the few times in my professional life I have been able to just go out and sing. I have a hat on, my dress is up to my neck. I wear slacks under my dress. I mean I'm covered. I don't have to wink, slither, wiggle or do anything 'sexy.' Nobody even tells me I'm being too 'jazzy.' I just sing, and I'm so happy about it."

Manda Djin, Folies Bergères, through Dec. 31.

U.S. Show Opens in Moscow

The Associated Press

MOSCOW — Raisa Gorbachev attended the opening Monday of a 65-painting exhibition of 19th century American paintings entitled "New Horizons: American Painting 1840-1910." The show is a reciprocal exhibition for "Russia, The Land, The People," which opened in Washington, a year ago and traveled to Chicago, Boston and Los Angeles.

DOONESBURY



| NYSE Most Active | Vol. | High | Low | Last | Chg. |
|------------------|------|--------|--------|--------|------|
| Amgen | 4847 | 33 1/2 | 33 1/4 | 33 1/2 | +1/4 |
| Amgen | 4847 | 33 1/2 | 33 1/4 | 33 1/2 | +1/4 |
| Amgen | 4847 | 33 1/2 | 33 1/4 | 33 1/2 | +1/4 |
| Amgen | 4847 | 33 1/2 | 33 1/4 | 33 1/2 | +1/4 |
| Amgen | 4847 | 33 1/2 | 33 1/4 | 33 1/2 | +1/4 |

| Market Sales | NYSE 4 a.m. volume | NYSE 4 a.m. volume |
|--------------------|--------------------|--------------------|
| NYSE 4 a.m. volume | 14,238,000 | 14,238,000 |
| NYSE 4 a.m. volume | 14,238,000 | 14,238,000 |
| NYSE 4 a.m. volume | 14,238,000 | 14,238,000 |
| NYSE 4 a.m. volume | 14,238,000 | 14,238,000 |
| NYSE 4 a.m. volume | 14,238,000 | 14,238,000 |

| NYSE Low | High | Low | Close | Chg. |
|----------|--------|--------|--------|-------|
| NYSE Low | 124.45 | 124.19 | 124.31 | -1.29 |
| NYSE Low | 124.45 | 124.19 | 124.31 | -1.29 |
| NYSE Low | 124.45 | 124.19 | 124.31 | -1.29 |
| NYSE Low | 124.45 | 124.19 | 124.31 | -1.29 |
| NYSE Low | 124.45 | 124.19 | 124.31 | -1.29 |

| NYSE Diary | Class | Prev. |
|------------|-------|-------|
| NYSE Diary | 398 | 398 |
| NYSE Diary | 398 | 398 |
| NYSE Diary | 398 | 398 |
| NYSE Diary | 398 | 398 |
| NYSE Diary | 398 | 398 |

| NYSE Closing | Class | Prev. |
|--------------|-------|-------|
| NYSE Closing | 398 | 398 |
| NYSE Closing | 398 | 398 |
| NYSE Closing | 398 | 398 |
| NYSE Closing | 398 | 398 |
| NYSE Closing | 398 | 398 |

| AMEX Diary | Class | Prev. |
|------------|-------|-------|
| AMEX Diary | 398 | 398 |
| AMEX Diary | 398 | 398 |
| AMEX Diary | 398 | 398 |
| AMEX Diary | 398 | 398 |
| AMEX Diary | 398 | 398 |

| NASDAQ Index | Class | Prev. |
|--------------|-------|-------|
| NASDAQ Index | 398 | 398 |
| NASDAQ Index | 398 | 398 |
| NASDAQ Index | 398 | 398 |
| NASDAQ Index | 398 | 398 |
| NASDAQ Index | 398 | 398 |

| AMEX Most Active | Vol. | High | Low | Last | Chg. |
|------------------|------|------|-----|------|------|
| AMEX Most Active | 398 | 398 | 398 | 398 | 398 |
| AMEX Most Active | 398 | 398 | 398 | 398 | 398 |
| AMEX Most Active | 398 | 398 | 398 | 398 | 398 |
| AMEX Most Active | 398 | 398 | 398 | 398 | 398 |
| AMEX Most Active | 398 | 398 | 398 | 398 | 398 |

| Dow Jones Bond Averages | Class | Prev. |
|-------------------------|-------|-------|
| Dow Jones Bond Averages | 398 | 398 |
| Dow Jones Bond Averages | 398 | 398 |
| Dow Jones Bond Averages | 398 | 398 |
| Dow Jones Bond Averages | 398 | 398 |
| Dow Jones Bond Averages | 398 | 398 |

| NYSE Diary | Class | Prev. |
|------------|-------|-------|
| NYSE Diary | 398 | 398 |
| NYSE Diary | 398 | 398 |
| NYSE Diary | 398 | 398 |
| NYSE Diary | 398 | 398 |
| NYSE Diary | 398 | 398 |

| Odd-Lot Trading in N.Y. | Class | Prev. |
|-------------------------|-------|-------|
| Odd-Lot Trading in N.Y. | 398 | 398 |
| Odd-Lot Trading in N.Y. | 398 | 398 |
| Odd-Lot Trading in N.Y. | 398 | 398 |
| Odd-Lot Trading in N.Y. | 398 | 398 |
| Odd-Lot Trading in N.Y. | 398 | 398 |

| Dow Jones Averages | Class | Prev. |
|--------------------|-------|-------|
| Dow Jones Averages | 398 | 398 |
| Dow Jones Averages | 398 | 398 |
| Dow Jones Averages | 398 | 398 |
| Dow Jones Averages | 398 | 398 |
| Dow Jones Averages | 398 | 398 |

| Standard & Poor's Index | Class | Prev. |
|-------------------------|-------|-------|
| Standard & Poor's Index | 398 | 398 |
| Standard & Poor's Index | 398 | 398 |
| Standard & Poor's Index | 398 | 398 |
| Standard & Poor's Index | 398 | 398 |
| Standard & Poor's Index | 398 | 398 |

| NASDAQ Diary | Class | Prev. |
|--------------|-------|-------|
| NASDAQ Diary | 398 | 398 |
| NASDAQ Diary | 398 | 398 |
| NASDAQ Diary | 398 | 398 |
| NASDAQ Diary | 398 | 398 |
| NASDAQ Diary | 398 | 398 |

| AMEX Stock Index | Class | Prev. |
|------------------|-------|-------|
| AMEX Stock Index | 398 | 398 |
| AMEX Stock Index | 398 | 398 |
| AMEX Stock Index | 398 | 398 |
| AMEX Stock Index | 398 | 398 |
| AMEX Stock Index | 398 | 398 |

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Falls in Sluggish Trading

United Press International

NEW YORK — Prices on the New York Stock Exchange weakened Tuesday in sluggish trading as a weary market expressed disappointment over the failure of congressional and White House negotiators to produce an agreement on reducing the U.S. budget deficit.

The Dow Jones industrial average, which rose 14.09 Monday, fell 26.85 to close at 1,922.25. The Dow had been down more than 50 points in afternoon trading, but a late rally slashed almost half the losses.

Declining issues outpaced gainers by more than a 3-1 ratio. Volume was about 148 million shares, down from 164 million traded Monday.

"The market is being governed by the budget and deficit talks," said Tom Gallagher, a managing director at Oppenheimer & Co. "People are nervous around here waiting for a settlement."

Budget negotiators resumed talks Tuesday morning after conceding that the previous session had pushed them only slightly closer to an accord.

The negotiators held out hope that they would meet Friday's deadline for preparation of a package of new taxes and spending cuts aimed at cutting more than \$23 billion from the deficit. If they fail, the Gramm-Rudman balanced-budget law will automatically reduce spending by that amount.

Mr. Gallagher said that not just any settlement would calm market jitters. "It must have some teeth in it for this year and next year," he said. "People are hoping for

an intelligent accord that contains a long-term view point. The market will take a hard look to see if there is any meat to it. If there's no meat, the market could test the lows."

Mr. Gallagher said the market also was under pressure on news that some technical analysts had concluded that the recent upward move was over. In addition, "an unimpressive bond market and weak dollar" are contributing to the softness, he said.

Larry Wachtel, a market analyst with Prudential-Bache Securities, said the market may already have discounted a budget agreement, regardless of the eventual numbers, and the final accord could turn out to be a nonevent.

"The budget negotiators have taken away the drama because they have played it out so long," he said.

Mr. Wachtel said the focus on the budget talks "has just paralyzed all initiative right now, and the light volume suggests that there are no bidders around. The normal supply forces are not met by buy forces."

Allied Signal was the most active NYSE-listed issue, up 2 1/2 to 33 1/2.

Pacific Gas & Electric followed, off 1/4 to 17 1/4. IBM was third, down 2 1/2 to 117 1/2. AT&T was down 1/4 to 28 1/4.

Among other blue chips, American Express slipped 1/4 to 24 1/4. General Electric dropped 1/4 to 45. Sears lost 1 to 36. Merck was off 1/4 to 170 1/4 and USX was down 1/4 to 28 1/4.

In the oil sector, Texaco was unchanged at 30 1/4. Pennzoil was down 1/4 to 69 and Mobil was off 1/4 to 35 1/4.

12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg.

| | | |
|--|--|--|
| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |
| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |
| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |
| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |
| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |

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| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |
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| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |
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| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |

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| 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. | 12 Month High Low Stock Div. Yld. P/E 50s High Low Out. Chg. |
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(Continued on next page)

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

| 12 Month | | Stock | Div. | Yld | PE | Sts. | | Close | |
|----------|-----|-------|------|-----|----|------|------|-------|-------|
| High | Low | | | | | 100s | High | Low | Quot. |

(Continued)

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| 1894 | 1895 | 1896 | 1897 | 1898 | 1899 | 1900 | 1901 | 1902 | 1903 | 1904 | 1905 | 1906 | 1907 | 1908 | 1909 | 1910 | 1911 | 1912 | 1913 | 1914 | 1915 | 1916 | 1917 | 1918 | 1919 | 1920 | 1921 | 1922 | 1923 | 1924 | 1925 | 1926 | 1927 | 1928 | 1929 | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 | 1938 | 1939 | 1940 | 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 2062 | 2063 | 2064 | 2065 | 2066 | 2067 | 2068 | 2069 | 2070 | 2071 | 2072 | 2073 | 2074 | 2075 | 2076 | 2077 | 2078 | 2079 | 2080 | 2081 | 2082 | 2083 | 2084 | 2085 | 2086 | 2087 | 2088 | 2089 | 2090 | 2091 | 2092 | 2093 | 2094 | 2095 | 2096 | 2097 | 2098 | 2099 | 2100 | 2101 | 2102 | 2103 | 2104 | 2105 | 2106 | 2107 | 2108 | 2109 | 2110 | 2111 | 2112 | 2113 | 2114 | 2115 | 2116 | 2117 | 2118 | 2119 | 2120 | 2121 | 2122 | 2123 | 2124 | 2125 | 2126 | 2127 | 2128 | 2129 | 2130 | 2131 | 2132 | 2133 | 2134 | 2135 | 2136 | 2137 | 2138 | 2139 | 2140 | 2141 | 2142 | 2143 | 2144 | 2145 | 2146 | 2147 | 2148 | 2149 | 2150 | 2151 | 2152 | 2153 | 2154 | 2155 | 2156 | 2157 | 2158 | 2159 | 2160 | 2161 | 2162 | 2163 | 2164 | 2165 | 2166 | 2167 | 2168 | 2169 | 2170 | 2171 | 2172 | 2173 | 2174 | 2175 | 2176 | 2177 | 2178 | 2179 | 2180 | 2181 | 2182 | 2183 | 2184 | 2185 | 2186 | 2187 | 2188 | 2189 | 2190 | 2191 | 2192 | 2193 | 2194 | 2195 | 2196 | 2197 | 2198 | 2199 | 2200 | 2201 | 2202 | 2203 | 2204 | 2205 | 2206 | 2207 | 2208 | 2209 | 2210 | 2211 | 2212 | 2213 | 2214 | 2215 | 2216 | 2217 | 2218 | 2219 | 2220 | 2221 | 2222 | 2223 | 2224 | 2225 | 2226 | 2227 | 2228 | 2229 | 2230 | 2231 | 2232 | 2233 | 2234 | 2235 | 2236 | 2237 | 2238 | 2239 | 2240 | 2241 | 2242 | 2243 | 2244 | 2245 | 2246 | 2247 | 2248 | 2249 | 2250 | 2251 | 2252 | 2253 | 2254 | 2255 | 2256 | 2257 | 2258 | 2259 | 2260 | 2261 | 2262 | 2263 | 2264 | 2265 | 2266 | 2267 | 2268 | 2269 | 2270 | 2271 | 2272 | 2273 | 2274 | 2275 | 2276 | 2277 | 2278 | 2279 | 2280 | 2281 | 2282 | 2283 | 2284 | 2285 | 2286 | 2287 | 2288 | 2289 | 2290 | 2291 | 2292 | 2293 | 2294 | 2295 | 2296 | 2297 | 2298 | 2299 | 2300 | 2301 | 2302 | 2303 | 2304 | 2305 | 2306 | 2307 | 2308 | 2309 | 2310 | 2311 | 2312 | 2313 | 2314 | 2315 | 2316 | 2317 | 2318 | 2319 | 2320 | 2321 | 2322 | 2323 | 2324 | 2325 | 2326 | 2327 | 2328 | 2329 | 2330 | 2331 | 2332 | 2333 | 2334 | 2335 | 2336 | 2337 | 2338 | 2339 | 2340 | 2341 | 2342 | 2343 | 2344 | 2345 | 2346 | 2347 |
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WALL STREET WATCH

Puzzle men
The Old-Letter

Currency Rates

Interest Rates

Value Dollar

U.S. Money Market

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WALL STREET WATCH

**An Analyst's Puzzlement:
Tracking the Odd-Lotters**

By KURT EICHENWALD

New York Times Service

NEW YORK — For a brief period last month, small investors who buy in odd lots—that is, fewer than 100 shares—greeted plunging prices as a buying opportunity. In the week of Oct. 19, in fact, odd-lot buyers bought more aggressively than at any time in the past 20 years, purchasing three times as many shares as they sold.

Odd-lot buyers normally sell more shares than they purchase. And since Oct. 19, the day that the Dow Jones industrial average plunged 508 points, these small investors, apparently losing their certainty about the value to be found after the fall, have gone back to selling more shares than they buy.

The behavior of odd-lot buyers has historically been a gauge for Wall Street analysts of the stock market's direction. But their interpretations of the gauge are mixed. According to some, history shows that these investors are almost always wrong on the timing of investment decisions. Therefore, anyone who takes the opposite position should benefit.

Other analysts say that, while the odd-lot buyers have had a long history of inaccuracy, their investment decisions have usually been correct in the past few years of the five-year-old bull market.

This market indicator—which influenced the decisions of large investors to some degree before the most recent bull market—is no longer tracked with the same vigilance because it is hard to prove either theory with the statistics about odd-lot trades.

In addition, odd-lot buyers are less significant as an indicator today because the market is now driven by huge institutional investors that trade tens of thousands of shares of a given stock.

WITH their small volume of trading, the odd-lot buyers would be easy for the market to ignore. The total number of odd-lot trades in 1986 was 329.1 million, with an average daily volume of 1.3 million. This represents less than 1 percent of the average daily volume of 141 million shares in 1986.

The trading in 1986 was typical for the odd-lot buyers, with statistics showing more sales than purchases. That trend continued through the first nine months of this year, with odd-lot buyers selling about 154 million shares and buying more than 96 million.

But two days after the Oct. 19 plunge, odd-lot buyers purchased 1.9 million shares and sold 620,000. Most of the odd-lot buyers were buying shares in the blue-chip stocks, such as International Business Machines Corp., brokers said.

"That bothers me," Laszlo Birinyi Jr., manager of equity market analysis at Salomon Brothers, said of the change in the behavior of the odd-lot buyers. "It was a fairly major, dramatic turnaround."

Mr. Birinyi subscribes to the school of thought that says the market generally will move opposite to the expectations of the odd-lot buyers. That means that, if odd-lot buyers were buying stocks just after the plunge, another downturn could be on the way.

The analysts who support this view offer 1983 as an example. After a run-up in the bull market in early 1983, the odd-lot buyers finally became net buyers in July for the first time in about 10 years. But then, after they bought, stocks began to fall broadly and that general selling extended into the middle of 1984.

Characterizing odd-lot buyers as an inverse market indicator may not be quite as solid as some analysts and investors believe. In the past month of trading, for instance, the odd-lot buyers have made well-timed investment decisions.

On Oct. 16, the last day of trading before the market took its historic plunge, odd-lot buyers bought 729,000 shares but sold about 1.1 million shares. And after the week of the plunge, they decreased their purchases. Sales and purchases held about even until early this month, when purchases on Nov. 5 dropped by more than 100,000 shares.

Currency Rates

| Cross Rates | Nov. 17 |
|---------------------|---------|
| Australian dollar | 1.525 |
| British pound | 1.602 |
| Canadian dollar | 1.272 |
| Deutsche mark | 1.782 |
| French franc | 6.545 |
| Italian lira | 2036.5 |
| Japanese yen | 163.6 |
| Netherlands guilder | 3.636 |
| New Zealand dollar | 1.272 |
| Portuguese escudo | 200.48 |
| Spanish peseta | 166.64 |
| Swiss franc | 1.455 |
| Taiwan dollar | 24.635 |
| West German mark | 1.782 |
| Yugoslav dinar | 13.637 |

| Other Dollar Values | Nov. 17 |
|---------------------|---------|
| Argentine peso | 1.372 |
| Australian dollar | 1.525 |
| Belgian franc | 36.363 |
| British pound | 1.602 |
| Canadian dollar | 1.272 |
| Deutsche mark | 1.782 |
| French franc | 6.545 |
| Italian lira | 2036.5 |
| Japanese yen | 163.6 |
| Netherlands guilder | 3.636 |
| New Zealand dollar | 1.272 |
| Portuguese escudo | 200.48 |
| Spanish peseta | 166.64 |
| Swiss franc | 1.455 |
| Taiwan dollar | 24.635 |
| West German mark | 1.782 |
| Yugoslav dinar | 13.637 |

| Forward Rates | Nov. 17 |
|---------------|---------|
| 30-day | 1.272 |
| 60-day | 1.272 |
| 90-day | 1.272 |
| 180-day | 1.272 |
| 360-day | 1.272 |

Interest Rates

| Eurocurrency Deposits | Nov. 17 |
|-----------------------|---------|
| 1 month | 5.75% |
| 3 months | 5.75% |
| 6 months | 5.75% |
| 1 year | 5.75% |

| Key Money Rates | Nov. 17 |
|-----------------------|---------|
| 3-month T-bill | 7.875% |
| 6-month T-bill | 7.875% |
| 1-year T-bill | 7.875% |
| 3-month Treasury note | 7.875% |
| 6-month Treasury note | 7.875% |
| 1-year Treasury note | 7.875% |

| U.S. Money Market Funds | Nov. 17 |
|-------------------------|---------|
| Fidelity Puritan | 1.12% |
| Fidelity Investments | 1.12% |
| Fidelity Capital | 1.12% |
| Fidelity Bond | 1.12% |
| Fidelity Equity | 1.12% |

| Gold | Nov. 17 |
|--------------|----------|
| Gold price | \$350.00 |
| Gold futures | \$350.00 |
| Gold options | \$350.00 |
| Gold ETFs | \$350.00 |

**DnC Loss
On Trade
Is Raised**

**Threatens to Put
Bank 'Into Red'**

Reuters

OSLO — Den norske Creditbank, Norway's biggest bank, reported Tuesday trading losses of 800 million kroner (\$124 million) in the world stock market collapse, losses that could outweigh profit from the rest of its business this year.

"On Nov. 3 we estimated our unrealized losses on share trading at 600 million kroner," Terje Loddsoel, DnC's managing director, said. "This has over the past two weeks risen to about 800 million kroner."

He added that the further fall of share prices worldwide since early November "has clearly worsened the bank's situation."

"If there is no improvement," he said, "there is a danger that we could go into the red."

He declined to elaborate on the impact of the losses but said that the bank had fired a share dealer suspended earlier this month for unauthorized trading and that its two chief fund managers had been temporarily relieved of their duties.

DnC's foreign and domestic share holdings totaled 2.5 billion kroner in mid-October, when share prices started tumbling.

Layoffs at Citicorp

Citicorp said it would eliminate 1,000 jobs in the next 14 months by combining marketing activities in its New York City branch system, Reuters reported from New York.

A spokesman for the bank, which has been recapitalizing after taking huge lending losses, said 300 of the 1,000 jobs would have been eliminated through attrition anyway.

Citicorp is also planning a 10 percent overall cut of its investment bank staff of 11,000, a source within the bank told the news agency.

The source said he expected higher cuts of up to 20 percent in Citicorp Investment Bank Ltd. in London, which employs 1,500 to 2,000.



Robin Burns, the president of Calvin Klein Cosmetics.

Following the Sweet Smell of Success

The Story of a Small-Town Girl and Her Obsession

By Marguerite T. Smith

New York Times Service

NEW YORK — "I've come a long way from Cripple Creek," Robin Burns acknowledged cheerfully, reminiscing about the Colorado mining town where she spent her earliest years. She ticks off favorite memories: riding a horse to school, collecting chunks of turquoise off the dirt streets to sell to tourists.

Now, the 34-year-old president of the Calvin Klein Cosmetics Corp. is collecting industry awards for the products she markets: Obsession and Obsession for Men, the best-selling scents that have become known for their steamy, provocative advertising as much as for their fragrance.

A former head of cosmetics merchandising at Bloomingdale's department stores, Ms. Burns worked closely with Calvin Klein, the American designer, to bring Obsession to life. "It was like having a baby," she said. "Obsession took over a year to create, and it was very exciting."

Now the baby has grown up: Obsession, a blend of jasmine, rose and orange blossoms, is challenging Giorgio, the leader among women's scents in the \$4

billion retail fragrance industry. In some stores, the scent, which costs \$170 an ounce (30 milliliters) for the perfume and \$30 for a small bottle of cologne, has captured the top spot, analysts say.

But as it enters its third Christmas season, Obsession, marketed under the rubric "passion without reason," faces competition from some newcomers —

'It was like having a baby. Obsession took over a year to create, and it was very exciting.'

— Robin Burns

Elizabeth Taylor's Passion, for example, and Tiffany, along with Christian Dior's Poison, which made a strong debut in 1986.

Industry wisdom holds that after three to five years, sales of a hot new fragrance taper off: The scent either dies or hangs on at a lower level and becomes a "class-

sic" like Chanel No. 5. Ms. Burns, however, professes not to be worried. "The brand is continuing to grow," she said, "even though it came out of the starting gate at a pace no fragrance has ever achieved."

The pace set by Ms. Burns and her staff has been breathtaking indeed. "The marketing of Obsession revolutionized the fragrance industry," said Lawrence H. Appel, of Horvitz & Appel Associates, marketing consultants for luxury products. "Instead of a slow build, traditional in the fragrance business," the perfume, with sales of \$30 million the first year, "was almost an instant success."

And the success could be long-lasting, say some industry analysts. "It's a good buy," said Nancy Hall, a vice president of Smith Barney, Harris Upham & Co. The fragrance industry's flat growth overall, she added, "makes Obsession even more of a success than meets the eye."

Ms. Hall predicts, in fact, that Minnesota's consumer products company that bought Calvin Klein Cosmetics in 1980 — will grow

See PERFUME, Page 15

**U.S. Factory Use
In October Rose
To 3-Year High**

The Associated Press

WASHINGTON — U.S. factories, mines and utilities operated at 81.3 percent of capacity in October, the highest operating rate in more than three years, the government reported Tuesday.

The Federal Reserve Board said the operating rate climbed 0.3 percentage point from September, when U.S. industry operated at 81 percent of capacity.

It was the highest rate since August 1984, when industry operated at 81.8 percent of capacity, and compared with an operating rate of just 79.1 percent in October 1986.

On Monday, the Commerce Department reported that output jumped 0.6 percent at U.S. factories, mines and utilities in October, the biggest increase in three months.

But analysts cautioned that the latest figures showed strength in the economy before the stock market collapse in October and did not reflect the subsequent loss of consumer and investor wealth.

In Tuesday's report, the Fed said that manufacturers operated at 81.7 percent of capacity in October, the best showing for that sector since March 1980.

Operating rates have been rising this year, an improvement that reflects higher export sales by U.S. producers.

While manufacturers are now operating at their highest levels of this decade, operating rates at mines and utilities are below levels in effect over much of the last decade.

The mining industry, which includes oil and gas production, operated at 78.9 percent of capacity last month, compared with an average over the past two decades of 87.2 percent.

The October mining operating rate was up from a September rate of 78.4 percent. The sector has been in a slump for the past two years because of the fall in world energy prices.

Utilities operated at 80.6 percent of capacity last month, the same as in September but lower than an average of 82.3 percent over the past 20 years.

Within manufacturing, much of October's strength came from increases in production of motor vehicles and parts, for which the operating rate moved above 80 percent for the first time since March.

Both auto and truck assemblies increased in October, as did production of auto parts, with the gains pushing the operating rate to 81.7 percent, compared with 74.8 percent in September.

Makers of durable goods, those expected to last three years or more, operated at 79.3 percent of capacity in October, up sharply from the September rate of 78.4 percent, while producers of nondurable goods operated at 85.5 percent of capacity.

**Bank of Japan
Injects Funds to
Offset NTT Sale**

Agence France-Press

TOKYO — The Bank of Japan injected about 5 trillion yen (\$36.6 billion) into the banking system Tuesday to boost liquidity amid heavy demand for funds after the government's identical offering last week of Nippon Telegraph & Telephone Corp. shares.

The Ministry of Finance sold 1.95 million shares in the telecommunications giant as part of the second stage of the group's privatization.

"The money market has a deficit of 5 trillion yen," a central bank spokesman said. He said that the bank had bought a variety of financial instruments to increase liquidity and prevent a sharp rise in short-term interest rates.

The bank purchased 3 trillion yen of bills, lent banks 1.3 trillion yen and reduced the amount of funds banks are required to keep as deposits with the central bank by 600 billion yen to 2.4 trillion.

**IF YOU PURSUE
EXCELLENCE,
ONLY ONE BANK
CAN KEEP UP.**

For Republic National Bank of New York, the relentless pursuit of excellence has achieved nothing less than excellent results.

Republic has grown to be the 11th largest bank in the United States, in terms of shareholders' equity.

and the maintenance of a strong capital base.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes.

Underlying every aspect of Republic National Bank's pursuit of excellence is a single, fundamental principle: the protection of depositors' funds.

It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of

your personal finances. Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that country, and experienced account officers who speak your language.

And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale.

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MILAN • GIBRALTAR • GUERNSEY • HONG KONG
SINGAPORE • TOKYO • PANAMA • NASSAU • BUENOS
AIRES • SANTIAGO • MONTEVIDEO • CARACAS • MEXICO
CITY • PUNTA DEL ESTE • RIO DE JANEIRO • SAO PAULO

FIGURES AS AT DECEMBER 31, 1986:

TOTAL ASSETS:
US \$16.8 billion
SHAREHOLDERS' EQUITY:
US \$1.6 billion

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Development \$Billions

When the U.S. Army Corps of Engineers spent \$1 billion on highway construction, it was a development of \$1 billion. Now the U.S. is going to spend \$75 billion on highway construction, it is a development of \$75 billion. The Army Corps of Engineers is now going to spend \$75 billion on highway construction, it is a development of \$75 billion. The Army Corps of Engineers is now going to spend \$75 billion on highway construction, it is a development of \$75 billion.

Indigo
Indigo is not a licensed broker.
Ardi Plaza de Matanzas 43,
Torreblanca, Matanzas, Spain.
Telephone 34-52-369000, Telex 74923.

SARAKKEK PARTICIPATIONS N.V.

ESTABLISHED AT CURAÇAO
NETHERLANDS ANTILLES
Notice is hereby given to the holders of the shares of the company that the company is now a public company and that the shares are now being offered for sale.

All shares of 11 shillings only are exchangeable for cash from the date of this notice. An amount of US \$1.50 per share shall be paid by the company on or before 15th November 1987. The shares are now being offered for sale.

Arne Trust Corporation N.V.
Managing Director

To the Holders of Ford Motor Credit Company

Floating Rate Notes
due November 1987

Pursuant to the Fiscal Agency Agreement dated as of November 1, 1984 (the "Agreement") between Ford Motor Credit Company and The Chase Manhattan Bank, National Association, as Fiscal Agent, notice is hereby given that the rate of interest applicable to the above notes for the interest period November 18, 1987 to May 18, 1988, as determined in accordance with the provisions of the Agreement, is 11.50 percent per annum. The amount of interest payable in respect of each US \$500,000 principal amount of Notes is US \$58,437.50 payable May 18, 1988.

By: The Chase Manhattan Bank, National Association, as Fiscal Agent
November 18, 1987

Floating-Rate Notes

| Issuer/Note | Coupon | Next Bid | Ask |
|----------------------|--------|----------|--------|
| Alcatel Finance July | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance Jan | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance July | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance Jan | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance July | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance Jan | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance July | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance Jan | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance July | 7 1/2 | 101.10 | 101.20 |
| Alcatel Finance Jan | 7 1/2 | 101.10 | 101.20 |

U.S. Futures

Via The Associated Press

| Season | Open | High | Low | Close | Chg. |
|-----------------|-------|-------|-------|-------|-------|
| SOYBEANS (CBOT) | 40.00 | 40.10 | 39.90 | 40.00 | +0.10 |
| WHEAT (CBOT) | 3.10 | 3.15 | 3.05 | 3.10 | +0.05 |
| CORN (CBOT) | 2.10 | 2.15 | 2.05 | 2.10 | +0.05 |

Grains

| Season | Open | High | Low | Close | Chg. |
|-----------------|-------|-------|-------|-------|-------|
| WHEAT (CBOT) | 3.10 | 3.15 | 3.05 | 3.10 | +0.05 |
| CORN (CBOT) | 2.10 | 2.15 | 2.05 | 2.10 | +0.05 |
| SOYBEANS (CBOT) | 40.00 | 40.10 | 39.90 | 40.00 | +0.10 |

Pounds Sterling

| Season | Open | High | Low | Close | Chg. |
|--------------------|------|------|------|-------|-------|
| STERLING (FUTURES) | 1.60 | 1.65 | 1.55 | 1.60 | +0.05 |

Deutsche Marks

| Season | Open | High | Low | Close | Chg. |
|----------------|------|------|------|-------|-------|
| MARK (FUTURES) | 1.80 | 1.85 | 1.75 | 1.80 | +0.05 |

Japanese Yen

| Season | Open | High | Low | Close | Chg. |
|---------------|------|------|-----|-------|------|
| YEN (FUTURES) | 160 | 165 | 155 | 160 | +5 |

E.C.U.

| Season | Open | High | Low | Close | Chg. |
|------------------|------|------|------|-------|-------|
| E.C.U. (FUTURES) | 1.60 | 1.65 | 1.55 | 1.60 | +0.05 |

U.S. Futures

Via The Associated Press

| Season | Open | High | Low | Close | Chg. |
|-----------------|-------|-------|-------|-------|-------|
| SOYBEANS (CBOT) | 40.00 | 40.10 | 39.90 | 40.00 | +0.10 |
| WHEAT (CBOT) | 3.10 | 3.15 | 3.05 | 3.10 | +0.05 |
| CORN (CBOT) | 2.10 | 2.15 | 2.05 | 2.10 | +0.05 |

Grains

| Season | Open | High | Low | Close | Chg. |
|-----------------|-------|-------|-------|-------|-------|
| WHEAT (CBOT) | 3.10 | 3.15 | 3.05 | 3.10 | +0.05 |
| CORN (CBOT) | 2.10 | 2.15 | 2.05 | 2.10 | +0.05 |
| SOYBEANS (CBOT) | 40.00 | 40.10 | 39.90 | 40.00 | +0.10 |

Pounds Sterling

| Season | Open | High | Low | Close | Chg. |
|--------------------|------|------|------|-------|-------|
| STERLING (FUTURES) | 1.60 | 1.65 | 1.55 | 1.60 | +0.05 |

Deutsche Marks

| Season | Open | High | Low | Close | Chg. |
|----------------|------|------|------|-------|-------|
| MARK (FUTURES) | 1.80 | 1.85 | 1.75 | 1.80 | +0.05 |

Japanese Yen

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|---------------|------|------|-----|-------|------|
| YEN (FUTURES) | 160 | 165 | 155 | 160 | +5 |

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| Season | Open | High | Low | Close | Chg. |
|------------------|------|------|------|-------|-------|
| E.C.U. (FUTURES) | 1.60 | 1.65 | 1.55 | 1.60 | +0.05 |

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| Season | Open | High | Low | Close | Chg. |
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| WHEAT (CBOT) | 3.10 | 3.15 | 3.05 | 3.10 | +0.05 |
| CORN (CBOT) | 2.10 | 2.15 | 2.05 | 2.10 | +0.05 |

Grains

| Season | Open | High | Low | Close | Chg. |
|-----------------|-------|-------|-------|-------|-------|
| WHEAT (CBOT) | 3.10 | 3.15 | 3.05 | 3.10 | +0.05 |
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Pounds Sterling

| Season | Open | High | Low | Close | Chg. |
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| Season | Open | High | Low | Close | Chg. |
|--------------------|------|------|------|-------|-------|
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|----------------|------|------|------|-------|-------|
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| Season | Open | High | Low | Close | Chg. |
|---------------|------|------|-----|-------|------|
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E.C.U.

| Season | Open | High | Low | Close | Chg. |
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Pounds Sterling

| Season | Open | High | Low | Close | Chg. |
|--------------------|------|------|------|-------|-------|
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| Season | Open | High | Low | Close | Chg. |
|----------------|------|------|------|-------|-------|
| MARK (FUTURES) | 1.80 | 1.85 | 1.75 | 1.80 | +0.05 |

Japanese Yen

| Season | Open | High | Low | Close | Chg. |
|---------------|------|------|-----|-------|------|
| YEN (FUTURES) | 160 | 165 | 155 | 160 | +5 |

E.C.U.

| Season | Open | High | Low | Close | Chg. |
|------------------|------|------|------|-------|-------|
| E.C.U. (FUTURES) | 1.60 | 1.65 | 1.55 | 1.60 | +0.05 |

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 17th Nov 1987

| Fund Name | Value | Change |
|------------|-------|--------|
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |
| ALMA GROUP | 10.10 | +0.10 |

Currency Options

Philadelphia Exchange

| Option | Value | Change |
|--------|-------|--------|
| Option | Value | Change |
| Option | Value | Change |
| Option | Value | Change |
| Option | Value | Change |

Paris Commodities

| Commodity | Value | Change |
|-----------|-------|--------|
| Commodity | Value | Change |
| Commodity | Value | Change |
| Commodity | Value | Change |
| Commodity | Value | Change |

London Commodities

| Commodity | Value | Change |
|-----------|-------|--------|
| Commodity | Value | Change |
| Commodity | Value | Change |
| Commodity | Value | Change |
| Commodity | Value | Change |

Dividends

| Company | Dividend | Yield |
|---------|----------|-------|
| Company | Dividend | Yield |
| Company | Dividend | Yield |
| Company | Dividend | Yield |
| Company | Dividend | Yield |

U.S. Treasuries

| Treasury | Value | Change |
|----------|-------|--------|
| Treasury | Value | Change |
| Treasury | Value | Change |
| Treasury | Value | Change |
| Treasury | Value | Change |

S&P 100 Index Options

| Option | Value | Change |
|--------|-------|--------|
| Option | Value | Change |
| Option | Value | Change |
| Option | Value | Change |
| Option | Value | Change |

London Metals

| Metal | Value | Change |
|-------|-------|--------|
| Metal | Value | Change |
| Metal | Value | Change |
| Metal | Value | Change |
| Metal | Value | Change |

Spot Commodities

| Commodity | Value | Change |
|-----------|-------|--------|
| Commodity | Value | Change |
| Commodity | Value | Change |
| Commodity | Value | Change |
| Commodity | Value | Change |

Stock Indexes

| Index | Value | Change |
|-------|-------|--------|
| Index | Value | Change |
| Index | Value | Change |
| Index | Value | Change |
| Index | Value | Change |

Market Guide

| Market | Value | Change |
|--------|-------|--------|
| Market | Value | Change |
| Market | Value | Change |
| Market | Value | Change |
| Market | Value | Change |

Big Sales Abroad

Of Swedish Stocks

STOCKHOLM - Foreign sales of Swedish stocks soared to record levels in October, with net sales amounting to 1.7 billion kronor (\$275 million), Sweden's Central Bank said Tuesday.

Bourse analysts said the figure was a result of the global collapse of stock prices, prompting investors to sell large amounts of shares on the Stockholm bourse.

The Central Bank said the October figure showed the highest sales of shares since publication of monthly statistics started in 1983.

DM Futures Options

| Option | Value | Change |
|--------|-------|--------|
| Option | Value | Change |
| Option | Value | Change |
| Option | Value | Change |
| Option | Value | Change |

Thailand Airlines to Merge

BANGKOK - Thailand's domestic airline, Thai Airways Co., is to merge into the country's flag carrier, Thai Airways International, Radio Thailand said Monday.

Tokyo NEC Corp.

Tokyo NEC Corp. announced today that it would invest \$1 billion in an effort to overtake Toshiba Corp. as the leading Japanese producer of dynamic random access memory chips, or DRAMs.

Their memory capacity is 16 megabits, or about four times that of Toshiba's current products. NEC said it planned to produce four-megabit DRAMs

Spot Commodities

| Commodity | Value | Change |
|-----------|-------|--------|
| Commodity | Value | Change |
| Commodity | Value | Change |
| Commodity | Value | Change |
| Commodity | Value | Change |

Stock Indexes

| Index | Value | Change |
|-------|-------|--------|
| Index | Value | Change |
| Index | Value | Change |
| Index | Value | Change |
| Index | Value | Change |

Market Guide

| Market | Value | Change |
|--------|-------|--------|
| Market | Value | Change |
| Market | Value | Change |
| Market | Value | Change |
| Market | Value | Change |

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BUSINESS ROUNDUP

Siemens Cuts Payout on Profit Drop

MUNICH — Siemens AG said Tuesday that it was cutting its dividend to 11 Deutsche marks from 12 DM after its 1986-87 group net profit fell 11.6 percent, to a provisional 1.3 billion DM (\$760 million) from 1.47 billion DM a year earlier.

The dividend cut for the 1986-87 business year, ended Sept. 30, signals that Siemens expects a lower profit for the 1987-88 year and may

prompt similar action by other companies, share analysts said.

The electronics giant said world group revenue for the year totaled 51.5 billion DM, up 9.6 percent from 47.0 billion DM a year earlier.

Analysts said the Siemens results reflected fewer orders for nuclear power plants, reduced business in building, electronics and computers as well as a weak dollar and intensified competition. They said they expected increased competi-

tion, especially in Western Europe, the Middle East and the Third World to continue.

Maximilian Mudra, a stock analyst with Metzler GmbH in Frankfurt, said he had learned of the dividend cut "with astonishment."

"It paints a negative picture for the market," he said.

"Other companies, for example those in the problematic steel sector, may now think about lowering their dividends," he said. "Many companies haven't finished working out the effects of the share price crash yet."

Other analysts said West German companies were cautious on dividend policy and it was rare for them to change their payouts. They said that despite speculation in early October about a possible dividend cut, they had expected Siemens to cover the effect of lower profit from its vast cash reserves.

Siemens stock price fell to a low of 370 DM in Frankfurt on Tuesday from a closing 408.50 on Monday, but recovered partially to end at 391 DM.

Prices on the Frankfurt exchange followed Siemens down but recovered partially with the blue-chip rebound, a dealer said. The Commerzbank index, of which Siemens is a component, closed at 1,356.2, off 48.3 points from 1,404.5 at Monday's close but up from the day's low. The Commerzbank index is calculated at mid-session.

Amoco Increases Dome Bid

CALGARY, Alberta — Amoco Corp.'s Canadian subsidiary said Tuesday that it had raised its takeover offer for Dome Petroleum Ltd. to 5.5 billion Canadian dollars (\$4.1 billion) from 5.1 billion dollars. Under the new offer, Dome's secured and unsecured lenders will receive increased repayments, while shareholders will get higher interest payments on Amoco securities.

Volvo Pretax Profit Up 22%, Boosted by Food and Trucks

By Juris Kaza

Special to the Herald Tribune

STOCKHOLM — Strong performance by Volvo AB's food and truck divisions helped offset mediocre earnings from cars in the third quarter, and the industrial group on Tuesday reported a 22 percent increase in pretax earnings.

Volvo said pretax earnings totaled 1.61 billion kronor (\$260 million), up from 1.32 billion kronor in the third quarter of 1986.

In the first nine months, Volvo said, group earnings ended at 5.9 billion kronor from 6.1 billion kronor a year earlier.

The company said earnings at its car division were lower in the third quarter and the first nine months despite increased sales, reflecting a weaker dollar, while earnings rose or were unchanged at other major divisions.

Operating earnings for the food sector increased from 1986 even though sales were off 2 percent to 2.2 billion kronor in the quarter.

Volvo shares closed 2 kronor higher at 279 kronor on the Stockholm bourse on Tuesday.

Third-quarter operating income rose 33 percent to 1.45 billion kronor from 1.09 billion kronor a year

earlier, Volvo said in an interim report.

The company's chairman, Pehr G. Gyllenhammar, said the falling dollar had cut about 3 billion kronor from what Volvo's sales would have been with a steady dollar rate.

Tim Youngman, an analyst at E.B. Savory Milin in London, said Volvo's earnings were "better than I had expected at the nine-month stage."

He said it appeared that Volvo's earnings on a yearly basis would be around 7 billion kronor, down from 7.5 billion kronor in 1986.

"Although the nine-month results are slightly better than had been feared," one London analyst said, "they are not particularly significant. People will be much more anxious about Volvo's performance in the light of the bourse crash."

Mr. Gyllenhammar said the company had cash reserves of around 21 billion kronor at a time when share prices were relatively low.

He said that figure did not include the proceeds of the sale of Volvo's 49.6 percent interest in Hamilton Oil Corp. of the United States in October.

New Minicomputer Products Are Critical to Olivetti's 1988 Performance

MILAN — Olivetti SpA will present on Thursday a new line of products on which it is pinning much of its hope for a recovery in profits, analysts say.

Company executives are also planning a statement on group strategy, according to industry sources.

Olivetti said it would present in London an integrated group of products based on a new family of minicomputers "in the high end of the system line."

"They really are trying to change their image, to promote a new Olivetti look," said Alberto Alonzo, an analyst with Barclays de Zoete Wedd.

"These new products are a culmination of Olivetti's strategy of not just being a maker of computers but of offering new services and services," he said.

"They are still identified as an office automation company; people don't associate them with being in the minicomputer business," Mr. Alonzo said. "They will need to do some convincing."

Analysts say Olivetti's second largest maker of personal computers, is preparing to mount a challenge to the big minicomputer companies, such as Digital Equipment Corp.

"Digital has a stranglehold on the minicomputer market," said Tim Orchard, an analyst at Warburg Securities in London. "Olivetti still has it all to prove."

In September, Olivetti said the new products to be announced this week would be "particularly competitive in terms of processing power, modularity, software and compatibility with market standards."

Mr. Orchard said the 1988 profit recovery that Olivetti has predicted depended heavily on the success of the new minicomputer line.

Olivetti has enjoyed several years of high profits, but analysts forecast that it will have a 20 to 30 percent drop in net profit

this year from the \$65.5 billion lire (\$450 million) recorded in 1986.

The profit fall is due mainly to reduced personal computer sales to American Telephone & Telegraph Co. and restructuring costs at Triumph Adler, the West German typewriter company.

Olivetti acquired Triumph Adler last year. It was unprofitable, but Carlo de Benedetti, Olivetti's chairman, has said the unit should make a profit next year.

"AT&T should be taking up more PCs from Olivetti next year," said Mr. Alonzo of Barclays de Zoete Wedd. "Exactly how many depends on restructuring at AT&T's computer division."

Olivetti handles PC development for AT&T. The company, which has a 23.5 percent stake in Olivetti, reorganized its struggling computer operations last month.

This year AT&T is expected to buy about 40,000 Olivetti PCs, down sharply from more than 180,000 last year.

Olivetti holds the second largest share in the European PC market behind International Business Machines Corp.

In June, Olivetti launched several new PC models. A company spokesman said sales figures for the new machines were not available. He said McDonald's Corp. had agreed to buy the new computers from AT&T for each of its 1,900 restaurants in the United States.

Analysts say a big question for Olivetti, as for many manufacturing companies, is how the stock market crash will affect consumer and corporate spending.

"Olivetti is healthy and has a lot of liquidity. It is well equipped to survive hard times," Mr. Alonzo said.

For the six months ended in June, Olivetti showed net liquidity of 558.3 billion lire. The company is expected to continue prospecting for software firms to acquire, to bolster a sector of its business that analysts consider weak.

PERFUME: Tracking Obsession's Scent of Success

(Continued from first finance page)

20 percent a year for the next five years, in large part because of Obsession's success. "The market's in a panic, so the stock price has come down, but that has nothing to do with the outlook for the company longer term," she said. "I see lots of good news ahead."

Calvin Klein Cosmetics itself tallied about \$74 million in sales last year, and the company says it expects to break through \$100 million this year.

It is Ms. Burns, said Ms. Hall, who deserves the credit. "I think Robin Burns is phenomenal."

Robert F. Taylor, Minneapolis's chairman, thinks so too, calling her "the best executive who ever worked for me." Last year, he showed Ms. Burns his appreciation by raising her salary to \$320,000.

"I didn't want the standard executive who had been laundered through five or six firms," — Robert F. Taylor, Burns's boss

scholarships and hard work to pay the bills. For a time during her college years, Ms. Burns said, she worked 40 hours a week — in the bursar's office and as a cocktail waitress — while carrying a full course load and a double major — business and education.

A bout of student teaching convinced her that being a teacher was not for her; instead, she interviewed with the big companies re-emerging on campus. "But it was 1974," she recalled, "a time when major companies were being pressured tremendously to take women. As an interviewer, you could feel the hunt for the talent, and it just turned me off. I discouraged me."

Bloomington's, however, struck her as an exception. After a round of New York interviews with the company, she concluded that women executives there were moving up the ladder. So she and some friends made the classic move to Manhattan — four roommates, a one-bedroom apartment, no furniture.

Just as the ads promise, she says, Bloomington's was a store like no other: "It is survival of the fittest, and you'd better be resourceful. It is more competitive internally than it is externally."

Her start at the store was in home furnishings. "I remember being in the lamp department, and thinking, this has got to be the worst thing," she said. But promotions came quickly, and by age 24, Ms. Burns was traveling to Taiwan and India — buying objects, negotiating prices and trying to decide "what I can get for this brass pot from Delhi and this parchment shade from China."

A former home furnishings executive at Bloomington's remembers her during this period: "She was a tiger," he said. "I think her fingernails grew an inch an hour."

In 1979, Ms. Burns asked for a change out of home furnishings, and learned, to her dismay, that she had been picked as the new men's fragrance buyer. "That was such a foreign part of the store," she said.

At Bloomington's, Ms. Burns's responsibilities grew until she was cosmetics division merchandise manager for all the stores. That was when she caught the attention of Mr. Taylor of Minneapolis. He asked her what she thought the problems were with Calvin Klein Cosmetics products. "I had to tell him there was not a lot I could see that was right," Ms. Burns said.

After a month or so of soul-searching, she agreed to try to set things right — by accepting Mr. Taylor's offer to become president of Calvin Klein Cosmetics.

"I didn't want to pick the stan-

dard executive who had been laundered through five or six other companies," Mr. Taylor said, explaining why he had chosen a 30-year-old retail executive with no manufacturing experience to turn around a company that was losing \$2 million on \$6 million in sales.

At the time, "Calvin Klein's patience was short with Minneapolis," he acknowledged. Licensing deals with other companies had turned jeans and underwear into hot sellers for the famed designer, but cosmetics sales had continued to languish.

What Minneapolis needed, he said, was an executive who could repair the company's relationship with Mr. Klein and work with him to develop a successful women's fragrance that would be a power base for Calvin Klein Cosmetics.

Ms. Burns came on strong — she doubled sales and brought the company into the black in her first year.

According to Mr. Taylor, when it came to creating the Obsession concept, "Robin was the driving force, positioning it with an image compatible with the Calvin Klein image — a sensual, sexual fragrance. That came from her completely. The advertising, packaging and creative side came from Calvin, with the execution from Robin and her people."

Ms. Burns and her people "broke all the rules," said Ms. Hall of Smith Barney. "The way they pre-sold very aggressively in magazines, to create a demand, they had customers coming into the store asking for the fragrance before it was available. Giorgio started this, but Obsession capitalized on it — and Robin Burns ran with it."

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INT 18/11

AT&T Proposes 3.6% Cut for Interstate Calls

The Associated Press

WASHINGTON — American Telephone & Telegraph Co. proposed Tuesday to lower its interstate long-distance rates by an average of 3.6 percent to reflect reduced expenses.

The largest decrease, of 6.3 percent, would be in daytime prices, AT&T said.

The reductions would take effect Jan. 1, if they are approved by the Federal Communications Commission.

AT&T, the largest U.S. long-distance company, proposed to the commission that its rates drop as much as \$800 million.

But it said the amount would depend on the access charges the FCC allows local telephone companies to collect from long-distance carriers, which must pay the fees to hook into the local network.

AT&T contends that new access rates filed by the regional Bell operating companies are more than \$1 billion too high.

AT&T told the FCC that it expected access fees to fall by at least \$200 million, but said it believed the FCC would order an additional \$600 million in cuts, based on AT&T's challenge.

Japan's 4 Biggest Brokers Post Sharply Higher Profits

Reuters

TOKYO — Japan's top four brokers on Tuesday reported sharply higher profits as a result of the past year's global rise in share prices but said they were cautious about the coming year.

Nomura, Daiwa, Nikko and Yamaichi Securities announced increases in net profit of from 43.5 percent to 55 percent in the year ended Sept. 30, just before the Oct. 19 collapse in world share prices.

Nomura, the world's biggest brokerage, also became Japan's most profitable company, posting a profit of 233.4 billion yen (\$1.7 billion) to overtake the previous top earner, Tokyo Electric Power.

Company spokesmen said that because of uncertain stock market prospects, the brokers expected few changes in their profit or revenue performances this year.

They said that even this prediction was based on the assumption that trading volume on the Tokyo Stock Exchange would stay at the record levels set in the past year.

In its report, Nomura forecast net profit of 230 billion yen in 1987-88 on revenue of 930 billion, down slightly from the 233.4 billion on revenue of 957.24 billion for the year ended Sept. 30.

Yamaichi said it expected net profit of 120 billion yen on revenue of 530 billion, up from 114.57 billion on revenue of 506.20 billion.

Daiwa said net profit rose 43 percent to 139.21 billion on revenue of 601.74 billion in the year ended Sept. 30, from 97.02 billion on revenue of 504.14 billion in the previous year.

It predicted net profit of 140 billion yen on revenue of 630 billion in 1987-88.

Nikko said net profit rose 50 percent in the year ended Sept. 30 to 124.26 billion yen on revenue of 539.70 billion, from profit of 82.84 billion on revenue of 424.17 billion the previous year.

It said it expected profit of 125 billion yen next year on revenue of 560 billion.

Huge Trading Losses Slash Bear Stearns Net

NEW YORK — Bear Stearns Cos. said Tuesday that sharp trading losses in October caused by the stock market plunge slashed second-quarter earnings.

For the quarter ended Oct. 30, Bear Stearns reported net profit of \$413,000 on revenue of \$441.9 million, compared with earnings of \$53.2 million on revenue of \$454.1 million a year earlier. It said losses in its risk arbitrage activities and other trading totaled about \$96 million for October.

Dun & Bradstreet Drops Bid for Rival

The Associated Press

NEW YORK — Dun & Bradstreet Corp. said Tuesday that it was dropping its proposed acquisition of Information Resources Inc. because the Federal Trade Commission had decided to oppose the merger on antitrust grounds.

The FTC announced late Monday in Washington that it was seeking a preliminary injunction blocking the acquisition, saying the merger could substantially reduce competition in syndicated national tracking services that monitor consumer preferences.

Aside from Dun & Bradstreet and IRI, only one other U.S. company, SAMI-Burke Inc., provides such services.

Dun & Bradstreet, a leading business research and information company, announced a definitive agreement to acquire Chicago-based IRI on Aug. 27 in a stock transaction then valued at about \$570 million.

Since then, the decline in Dun & Bradstreet's stock from \$67 a share to \$52.625 at Tuesday's close has slashed the value of the transaction to less than \$465 million. IRI shares traded at \$13, down \$8, in national over-the-counter trading Tuesday afternoon.

Dun & Bradstreet provides marketing research services through its Nielsen Marketing Research Division.

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SPORTS

Clemency for a Feisty Irishman?

International Herald Tribune
LONDON — To the gentlemen of UEFA's jury of appeal: Early next month a contrite soccer star will plead before you for a reprieve enabling him to reach the emotional high point of his life. Liam Brady's crucial asset — timing — has deserted him. The Irish

ROB HUGHES

man could not have picked a worse month in which to ask for mercy. He will admit his wrongdoing and will accept that he must be punished. But he will ask you to understand that in his distinguished career, comprising 67 international matches, his republic has only this once reached a stage like the European championship finals. Ireland will be there, Brady, by next month, he would be sidelined by a four-match suspension imposed by UEFA's disciplinary commission for his violent retaliation against a Bulgarian in October. It'll behoove anyone, least of all someone who advocates hard-line justice to prevent soccer anarchy, suddenly to become weak-kneed about weighty punishment. And if this is the new, tough policy of UEFA, then I'm all for it.

Times are especially bad. Madness is everywhere, with misbehavior on the field a catalyst to hooliganism off it. The way we are going the only safe final in West Germany next summer will be in sterilized stadiums without audiences. Last Friday, your disciplinary colleagues dealt with three dozen violations. Their duty was thankless, coping not only with abusers under UEFA jurisdiction but also trying to define areas of responsibility for mayhem in sick stadiums. This is beyond mere sports administration, the spectacle of whose closest harbors the skeleton of culpability for neglecting to check safety standards properly at Hessel Stadium before the atrocity of 1985.

I'm sure the three of you will be good men, honest and true. Your task is onerous. Brady could be

come a symbol of unforgiving rule. Leniency would take a lot of explaining, and not a little courage. Let me tell you something about the young man but aging footballer you will see before you. Small, slight and approaching 32, he will not look like a superstar in his business suit. They seldom do. Humility is not natural to him either. At 5-foot-7 (1.70 meters), he has needed a certain belligerence to last 13 years in international soccer. Survival alone has never been Brady's way. He has sought victory, and to embellish it with style. Isn't that the stuff of a true sportsman? The gifted few often become



Liam Brady, bursting past Michel Platini in an all-star match.

ing has for years been a vile abuse (the master of it, Claudio Gentile, got away with fracturing the cheekbone of Hamburg's Lars Bustrup during the 1983 European Cup). The referee in the Bulgaria match, of course, saw nothing, Brady, lashing out from exasperation, committed double the crime. He got caught. Yet this is the same Brady who can display a heaven-sent talent for orchestrating the movements of colleagues and opponents alike, who as a boy was expelled from a Gaelic-football playing school for indulging in soccer, and later, as a prodigal, was held up by the Church of the Holy Child as a shining example to Dublin's youth.

Plucked away to Arsenal at 13, he later became cherished in Italy for Juventus, Sampdoria, Inter Milan and Ascoli. "Liam isn't robust enough to cope with the treatment they'll dish out," wanted a noted pundit. "I survived because I'm a big fellow. I took some real hammerings, but I gave a bit of it back." That observation came from John Charles, the "gentle giant" of Turin.

Brady enjoyed seven years in Italy, immersing himself in the language and the culture. Still he puzzled Italians. Brady's Sampdoria president, Paolo Mantovani, played cards with him for hours trying to find the core of the quiet Irishman's motivation, to see what if anything could stimulate fire and passion. Italians couldn't fathom him any better than Brazilians did in Dublin last May when, almost wholly left-footed, Brady bewitched them. Adversaries from 25 countries (and often his managers) suspect an apparent weakness. He drifts, becomes detached, then awakes with match-winning effect. The late Bill Shankly, Liverpool's legendary coach, used to purr: "Defenders feel Liam brush the palms of their hands as he goes by, but they can't hold onto him. Great occasions are made for great players like this." Just so: It was genius brushing past. Great club nights he has had, but the Irish side of his nature threatens his one great Irish occasion.

He has had to quell the impulse to go looking for a fight. You gentlemen need only look at your records, a long way back to be sure. Never before had he been sent off in Irish green.

But he was suspended after two yellow cards in the 1984 championship qualifiers. And he was sent off as an Arsenal player after a running tussle with a Huddersfield opponent nine years ago.

Now Brady in London, with West Ham, Brady thought he had conquered his temper. UEFA is bound to show his lapse will not be tolerated, especially as your disciplinary men also gave four-match suspensions last week to a Czech, a Russian, an Albanian and a Portuguese. But only Brady is deprived of the European finals. Justice in this case will have slightly misfired. The inequality would disappear if his sentence began after the championship. Alternatively, since he is no pauper, UEFA could make a positive example by ordering him to play the European championship for nothing, or rather for love of it.

Probe beyond his nervousness, his suspiciousness of authority, and you'll discover that Brady, whatever his faults, is a lover of the game. A lover with a belated chance of fulfillment.

Rob Hughes is on the staff of the Sunday Times.

A New Ewing Brightens Knicks' Horizons

By Ira Berkow
New York Times Service

NEW YORK — "Robert Parish said you're a new Patrick Ewing," a Boston reporter, who had just returned from the Celtic locker room, informed the once and future present Patrick Ewing. "He said you're playing hard, more aggressive."

Ewing, the New York Knick center, in blue robe, looked up with those large eyes, doe-like but learning, and digested the comment reported from his Boston counterpart. "I always thought I played hard," he said. "I've played hard all my life."

The exchange occurred last week, after the Knicks had come back to make the Celtics finally

sweat a little for their victory. It wouldn't be until after two further losses that the young Knicks, with their young head coach, Rick Pitino, would finally win their first game of the National Basketball Association season.

On Saturday, the Knicks defeated Milwaukee, 93-89, after a shot by Ewing did the trick — the hoop — to be or not to be? — bouncing rim, glass, rim, rim and before deciding to be. The score had been tied at 89, with a little more than a minute to play, when Ewing sank his medium-range baseline jump shot.

But he didn't stop there, however, to bask in his accomplishment. No, all 7-foot-1, 220 pounds (2.15 meters, 99.7 kilograms) or so of the man his teammates affectionately call the

Beast fled downtown to deflect a drive shot by John Lucas that might have tied the game again.

It was the Knicks' first victory in six games this season and their first in 12 games stretching back through the end of last season.

Dispensing high-fives afterward, Ewing smiled broadly. "It's a great feeling," he said. "Winning's a great feeling."

Ewing, now in his third year with the Knicks, is playing hard. Yes, he may have always played that way, but it seems that now he is simply harder.

Is he simply healthier? Or happier with a new coach and an aggressive new system? Or pleased to receive the bounty of Mark Jackson's feeds?

Whatever, for many observers, Parish had a salient point: It appears to be a new Ewing.

And the old? A scene comes to mind. It happened about a year ago, also in a locker room and also after a Celtic game, although this one was in Boston.

Hubie Brown was teetering at the edge of his plank as New York's coach. The Knicks had just lost by a wide margin, and although he had scored a bunch of points Ewing had not been a force on the boards or in blocking shots or in any other significant part of the game. But he was smiling and the focal point of reporters' questions.

Brown looked across the cramped room at the Ewing concave and shook his head. "He thinks he was the star of the game," the coach said. "He doesn't understand."

Soon Brown, for all he understood, was gone; his replacement, Bob Hill, came and went. And now there's Pitino. And through it all, there has been Ewing.

For a while, Ewing was brooding. He was the man who was to turn the Knicks from losers to winners overnight. It didn't happen. He had so much to learn. Besides, he was good enough, strong enough, motivated enough? In 82-game seasons, he missed 32 and 19 games.

He was unhappy that Brown wished to move him to forward (although he did try), unhappy

with Brown's severe ways; he was confused by the confusion of the comings and goings of a sloppy organization; troubled by front-court opponents as big as or bigger, as tough as or tougher, than he had known in college; and bothered by sore knees. As a result, he came not to be the man who many thought would by virtue of his long arms alone save the franchise from rampant mediocrity.

He won't do it alone and, most likely, he won't do it with the present Knick cast. But he is contributing to a vitality that is infusing the team.

"Look," an NBA scout, at court-side, said last season, "Patrick gets a rebound and throws the outlet pass and then stands there and admires it."

And so with the new Ewing, as Parish and others have characterized him, it was less the tiebreaking shot against Milwaukee that impressed than it was his subsequent charge downtown to add his brick to the defensive wall in the last minute.

It was Ewing who chased Larry Bird to half-court recently when the Celtic forward was trying to control a poor pass, and forced him to commit a turnover. And it's Ewing who is demanding the ball in the hole in the crunch of the game, bringing a bit of joy to his young coach, as well as to the fans and maybe even to a steady executive or two in the board room at Gulf & Western, the folks paying Patrick's salary (in the neighborhood of \$3 million, possibly the highest in the league).

Ewing still makes the errors of a callow newcomer and he still sometimes bounces a basketball as if the carom is as uncertain as a football's, but he is unquestionably better than ever.

Will Ewing's knees and enthusiasm hold up? Will the Beast become at least enough of a force to fulfill his promise as the top overall pick in the 1985 college draft? Will he help pick up the Knicks, who, in his two seasons, have finished last and tied for last in the Atlantic Division of the Eastern Conference?

"I just want to win," Ewing said recently. "I'm tired of losing."

OSU Fires Coach Bruce; Athletic Director Quits

The Associated Press

COLUMBUS, Ohio — Earle Bruce, who had the best overall record among Big Ten football coaches during his nine seasons, was fired late Monday by Ohio State after three straight losses. Rick Bay, the school's athletic director, quit in protest after announcing the dismissal.

Bay said Bruce's firing would be effective after Saturday's away game against archrival Michigan in the regular-season finale. He also said the Buckeyes would not accept a bowl bid even if one were offered.

But only Brady is deprived of the European finals. Justice in this case will have slightly misfired. The inequality would disappear if his sentence began after the championship. Alternatively, since he is no pauper, UEFA could make a positive example by ordering him to play the European championship for nothing, or rather for love of it.

Probe beyond his nervousness, his suspiciousness of authority, and you'll discover that Brady, whatever his faults, is a lover of the game. A lover with a belated chance of fulfillment.

Rob Hughes is on the staff of the Sunday Times.

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Ohio State is 5-4-1 following three straight defeats by a combined 10 points.

"We thought we'd have a good football team and a good season," Bruce said. "It turns out that some things have happened that have made this season a little longer than you'd expect." He then alluded to the decision by the university not to appeal to the NCAA for the reinstatement of wide receiver Cris Carter, suspended for accepting money from an agent.

Bruce, in the second year of a three-year contract, had drawn the ire of Buckeye fans because of the losses. Bay said that OSU's president, Edward Jennings, told him Monday that he had been "under pressure to make a coaching change and that we had to do that."

Bay, athletic director since July 1984, said he resigned because of "philosophical differences with the

administration." Of Bruce, he said: "I think he's done a whale of a job. His record is among the very best in the country."

Bruce's 80-26-1 record was tops among Big Ten coaches, and his 56-17 in-conference mark was second only to the 59-15-1 of Michigan's Bo Schembechler. His previous eight OSU teams played in bowls, winning five, but were 0-2 in Rose Bowls. His 1979 and 1984 teams won Big Ten titles and the 1981 and 1986 squads were co-champions.

Schembechler, commenting from Ann Arbor, Michigan, ripped Ohio State for the firing. "God, I hope he's established himself by now," he said in referring to Bruce's record. "I mean, what do you have to do?"

"Tell him not to worry," he added. "I'll take the athletic directorship at Michigan and hire him up here. That'll shut them up."

SCOREBOARD

Hockey

NHL Standings

| W | L | T | Pts | GF | GA |
|--------------|----|----|-----|----|----|
| NY Islanders | 12 | 4 | 28 | 77 | 32 |
| New Jersey | 10 | 5 | 22 | 62 | 44 |
| Washington | 8 | 8 | 17 | 56 | 51 |
| Pittsburgh | 7 | 8 | 17 | 43 | 66 |
| NY Rangers | 5 | 11 | 11 | 73 | 79 |
| Philadelphia | 5 | 11 | 11 | 53 | 75 |

Adams Division

| W | L | T | Pts | GF | GA |
|----------|----|----|-----|----|----|
| Montreal | 11 | 5 | 27 | 77 | 39 |
| Boston | 9 | 7 | 25 | 69 | 58 |
| Buffalo | 6 | 10 | 12 | 49 | 76 |
| Quebec | 6 | 10 | 12 | 54 | 70 |
| Winnipeg | 5 | 11 | 11 | 44 | 58 |

Campele Conference

| W | L | T | Pts | GF | GA |
|-------------|---|----|-----|----|----|
| Toronto | 9 | 7 | 25 | 66 | 67 |
| Chicago | 7 | 9 | 19 | 59 | 60 |
| Detroit | 7 | 9 | 19 | 54 | 77 |
| St. Louis | 6 | 10 | 12 | 56 | 70 |
| Los Angeles | 5 | 10 | 12 | 56 | 79 |
| Vancouver | 5 | 10 | 12 | 41 | 72 |

Monday's Result

Montreal 3, Boston 1 (3-0); Pittsburgh 4, Philadelphia 1 (1-0); New Jersey 4, Washington 1 (1-0); NY Rangers 4, NY Islanders 1 (1-0); St. Louis 4, Chicago 1 (1-0); Detroit 4, Toronto 1 (1-0); Los Angeles 4, Vancouver 1 (1-0); Winnipeg 4, Buffalo 1 (1-0); Quebec 4, Montreal 1 (1-0); Boston 4, New Jersey 1 (1-0); Philadelphia 4, Pittsburgh 1 (1-0); Washington 4, New York Islanders 1 (1-0); New York Rangers 4, New Jersey 1 (1-0); St. Louis 4, Chicago 1 (1-0); Detroit 4, Toronto 1 (1-0); Los Angeles 4, Vancouver 1 (1-0); Winnipeg 4, Buffalo 1 (1-0); Quebec 4, Montreal 1 (1-0); Boston 4, New Jersey 1 (1-0); Philadelphia 4, Pittsburgh 1 (1-0); Washington 4, New York Islanders 1 (1-0); New York Rangers 4, New Jersey 1 (1-0); St. Louis 4, Chicago 1 (1-0); Detroit 4, Toronto 1 (1-0); Los Angeles 4, Vancouver 1 (1-0); Winnipeg 4, Buffalo 1 (1-0); Quebec 4, Montreal 1 (1-0); Boston 4, New Jersey 1 (1-0); Philadelphia 4, Pittsburgh 1 (1-0); Washington 4, New York Islanders 1 (1-0); New York Rangers 4, New Jersey 1 (1-0); 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Detroit 4, Toronto

OBSERVER

Intestinal Disorders

By Russell Baker

NEW YORK — Senator Orrin Hatch says there are gutless wonders at the White House. President Reagan says there isn't a single gutless wonder on the premises. Since these two usually see eye-to-eye, this is a big, big story.

In Washington, the man who makes the first accusation is usually in the cabaret seat, so that normal play would go as follows:

1. Hatch accuses White House of harboring gutless wonders.
2. President denies charge.
3. Hatch sees cover-up, calls for investigation by Committee on Gutless Wonder Activities.

Since Hatch and Reagan are soul mates except on the gutless-wonder question, Hatch cannot very well accuse Reagan of a cover-up, so on Move No. 3 the best play is the "Here-in-My-Hand Variation."

This requires putting another senator in play. This must be a senator who is fed up with Reagan's nifty-punchy surrender to dangerous moderates and who has nothing to lose by putting the boot to the president, like Jesse Helms. Play then proceeds as follows:

3. Helms claims that X-ray evidence proves Hatch gutless-wonder charges correct. Waving a large envelope, he says he has here in his hand a full set of barium X-rays revealing the abdominal content of everyone in the White House. An impressive number, Helms declares, show no intestines whatever.

4. White House orders an investigation to find who leaked highly sensitive staff intestine data to Helms. Denies any X-rays were positive for gutlessness.

5. Bob Woodward reports in Washington Post that late CIA Director Casey counseled president against barium X-ray tests, arguing that any evidence of disloyalty, if chewed 12 times before being swallowed, would be too digested to be legible by the time the stomach forwarded it to the duodenum, unless etched on metal or glass.

6. Former Defense Secretary Weinberger denies rumor-column report that he was the one who wanted the X-ray testing program. Insists he never told the president that "Star Wars" research, besides providing an umbrella against nuclear attack, would also produce technology for so beautifully re-

constituting fully digested paper that it would be as crisp as this morning's newspaper.

7. Hatch chides press for wasting energy on X-ray issue instead of pursuing Helms's charges.

8. Helms is outraged by requests to name gutless wonders revealed by leaked X-rays. Says letting the world, including Moscow, know whom to phone at the White House would endanger national security.

9. Reporters hurl insolent questions about gutless-wonder charges at President and Mrs. Reagan board helicopter. "What is your reply to Senator Helms?" shouts reporter. President, smiling genially, replies, "So am I."

10. Attorney General Meese admits under oath and grilling by Senators Kennedy and Metzenbaum that X-raying White House staff intestines for security purposes was his idea and he is proud of it. Too many cunning people know tricks for beating the lie detector tests, urine tests and blood tests, and come prepared to cheat on them, says Meese.

11. Former President Nixon makes sensational discovery while strolling on his estate: a hollowed-out pumpkin. To his amazement, it contains a package of X-rays. He calls the FBI. Thus is born the fantastic story of "The Pumpkin X-Rays."

12. Helms admits his set of X-rays is missing, but has no idea how they could have gotten inside Nixon's pumpkin.

13. White House appoints blue-ribbon commission to study gutless-wonder affair and report fully.

14. Committee says FBI analysts found every one of the pumpkin X-rays "gut negative." "Does that mean that every last soul in the White House is a gutless wonder?" ask reporters. No, says FBI spokesman; just means whoever took the X-rays didn't know what he was doing. "He missed the gut section altogether," the FBI says. "All he got was the liver and lights."

15. Meese admits he personally took the X-rays to avoid possible leaks to press by X-ray technicians.

16. Rejecting pleas that the fire Meese, president hugs same, proving himself a Meeseful wonder.

New York Times Service

Richard Attenborough's 'Cry' for Biko

By Desson Howe

Washington Post Service

WASHINGTON — There is still a little of Africa in Sir Richard Attenborough's face, the last pink of a white man caught in Zimbabwe's summer rays. And the hair is so white it seems to ignite in Washington's sunlight. You can imagine how he must have looked hunched up on a camera platform, bailing through a megaphone to the gathered black extras.

"Gentlemen, we need another shot of the police massacre, please be so kind as to return to your shanty stations."

Massacre as in Soweto, and as depicted in Attenborough's new film "Cry Freedom." Shot for \$21 million, primarily in Zimbabwe, it is the 63-year-old producer and director's follow-up to the Oscar-nominated "Gandhi," ignoring the poorly received "A Chorus Line" in between. A combination epic movie, apartheid primer and docudrama, "Cry Freedom" renews the friendship between Donald Woods, a white liberal South African news editor, and the black activist Steve Biko, who died from head wounds on Sept. 12, 1977, while in police custody. The screenwriter John Briley — who also wrote "Gandhi" — draws primarily from Woods's two books, "Biko" and "Asking for Trouble."

Using the same larger-than-life imagery of "Gandhi," the film paints an uncompromising picture of South Africa as a police state.

"I think that's inevitable," says Attenborough, who was starting a seven-month worldwide promotion tour in Washington. "One must reach the unknown, the unmaking, and even those who would advocate the furtherance of the present regime. You've got to stand up and be counted."

Three years ago he met with Biko's mother and his widow Ntsiki in South Africa. After he told Ntsiki of his plans, she excused herself to talk with her son Biko in Africa. "When she finished," he says, "she was the total lack of humor among the black Zimbabweans," he adds. "The atmosphere was devoid of revenge."

for the former white regime.

Then, says Attenborough, "She told me to make it strong. I loved that."

So it was with surprise that he read press accounts quoting various African, Azanian, People's Organization, or AZAPO, spokesmen who threatened to "wipe the film off the screens of the world" if perceived misrepresentations were not remedied — among those, that the Biko-Woods friendship was exaggerated and the history of the Black Consciousness Movement trivialized. Further reports claimed that AZAPO made Attenborough re-edit his film to its liking.

"Not one syllable, not one word, not one second has been removed or altered since I finished the film," says Attenborough, whose testifies is other people's politeness. Some changes were made two years ago, he says, when he showed the script to representatives from black organizations including AZAPO. And last month, he adds, Peter Jones, the vice president of AZAPO, met with him in London to set up a Biko trust and issue a statement calling "Cry Freedom" a "totally accurate representation of the times, philosophy and personality of Steve Biko, which will be invaluable in the struggle for freedom."

"And Peter came out of the film, tears pouring from his face," Attenborough says.

As for the friendship question, says Attenborough, "First check that Donald got for the movie, £24,000 [about \$42,000], he sent to Ntsiki. This is a man that came out of South Africa with 200 kids, a wife, five children, from a life of opulence. To malign him, saying he really did know Steve Biko and made a fortune, are both by my own personal eye and ear palpably untrue."

Shooting in Zimbabwe, with the energetic participation of the government — it financed approximately 20 percent of the budget — was "wonderful," Attenborough says. "The thing that knocked me on my backside more than anything else was the total lack of humor among the black Zimbabweans," he adds. "The atmosphere was devoid of revenge."

When unknown saboteurs attempted to destroy the set of Donald Woods's house, "we were a little nervous, needless to say." Pretoria, of course, was suspected. The Zimbabwean government provided Attenborough with security guards and nothing further occurred.

As for his filmmaking technique, Attenborough is the first to admit he's "not a pyrotechnical director. Staid, I mean. I am a storyteller. I'm not making 'Police Academy' or 'Beverly Hills Cop' or James Bond. I am making a picture that nobody wants to see — they always say that," he says.

Attenborough also wanted desperately to find an African to play Biko. He searched unsuccessfully all over the world. He was thinking, he says, "He's got to be 29 to 30, six foot one, as good looking as the young Sidney Poitier. He's



"You've got to stand up and be counted."

He clouted the policeman on the chin and the fourth time, of course, he was killed. And he was laid back to the point of, you wondered how he stayed awake.

"He'd go to meetings — student meetings and so on — and he'd lie down and the meeting would go on for two hours, and quite suddenly, after two hours, he'd sort of slowly get to his feet and within four minutes encapsulate the entire argument, propose a compromise or whatever. Now, you can't have two hours of Steve Biko fast asleep."

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PEOPLE

Rockefeller Fund Widens Award Program in Asia

David Rockefeller has announced a new philanthropic program for Asia in connection with the Ramon Magsaysay Award Foundation. Speaking at the dinner in Bangkok for the annual Magsaysay awards, Rockefeller said that the Rockefeller Brothers Fund, from which he is retiring as chairman, would set aside income from about \$2 million as an endowment for Asian projects. The meeting gathered together more than 90 holders of the Magsaysay prize, named for a former president of the Philippines. Since its founding in 1940, the Rockefeller Brothers Fund has given \$17.5 million to Asian projects, including the Magsaysay Awards, which it established in 1957. Beginning next year, David Rockefeller Jr., who is taking over as chairman from his father, said that the award will be raised from \$20,000 to \$30,000. This year's Magsaysay Award winners include an American-born priest, Richard Willens, superior of the Holy Cross Fathers in Bangladesh; Dr. Aree Vallyaseri, a Thai nutritionist; Diane Yun-peng Ying, the editor of the Taiwanese publication Commonweath; Hans Bague Jassin, an Indonesian literary critic and founder of the Center for Literary Documentation in Jakarta.

Rudolf Nureyev returned to Paris Monday after a weekend visit with his ailing mother in the Soviet Union, his first trip to his homeland since he defected 26 years ago.

Jessye Norman, blaming poor acoustics and insufficient dressing-room facilities, canceled a concert in Milan at the last minute Monday night, sparking angry protests by ticket-holders. Norman's entourage reported that the singer had arrived at the Teatro Nuovo for a rehearsal late Monday afternoon, but after some two hours of trying out the facilities, she refused to perform. The performance was rescheduled for Sunday night at La Scala.

Prince Charles and his wife, Diana, made an unannounced visit to Enniskillen in Northern Ireland Tuesday to meet survivors of the IRA bomb that killed 11 people and injured 63.

TODAY'S INTERNATIONAL CLASSIFIED SECTION

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